The London Institute of Banking & Finance

Annual Report & Accounts
2016 – 2017

The London Institute of Banking & Finance (formerly *ifs University College*)

Report of the Board of Governors

The last year has been a period of significant transition for the organisation.

Most visibly, the change of name from ifs University College to The London Institute of Banking & Finance took effect in September 2016. In the first nine months of operation, the new name and associated brand have been well received by a broad spectrum of students, members and others within our community.

Our qualification portfolio is also in transition, and this year, in response to industry feedback, we began the first major overhaul of our Professional Qualifications for twenty years.
The new framework, which will be completed by the end of 2017, will be more closely aligned with the rapidly evolving needs of the banking industry, both domestically and internationally. In addition, we have worked with industry bodies to create a number of new specialist qualifications during the year.

Work has continued on the development of our online Financial Capability programmes. These will enable us to reach a larger number of schools and colleges and also to offer financial education to disadvantaged groups within society. Our Financial Capability activities have had a very successful year and will benefit from further investment in 2017/18.

As far as our Higher Education Programmes are concerned, we have made changes to the delivery of our Undergraduate Degrees and we have continued to recruit full-time Faculty for our campus in the heart of the City of London. This will enable us to improve the level of academic support offered to our students throughout their period of study and to create a very distinctive student experience.

There are two main strategic objectives that will guide our work over the coming years: to broaden our international offering and to develop technology-enabled learning. This year we have increased our international profile, particularly in Africa, the Middle East and South East Asia, and we will reap the benefits of this relationship building in the coming financial year. During 2016/17, we have completed work on our Digital Learning strategy which will be implemented over the coming months.

Our academically rigorous content and programmes, combined with appropriate learning tools, will enable us to continue to offer outstanding financial education across our programmes.

Corporate & Professional Qualifications

Corporate & Professional Qualifications offers a range of regulated advice and specialist qualifications to support professional development and meet licence-to-practise requirements. Our portfolio includes both market-leading 'benchmark' qualifications as well as innovative specialist qualifications introduced to meet niche market requirements and developed in collaboration with the industry. This balanced portfolio avoids undue reliance on any specific qualification or sector.

For many of our relationships, future investment in learning and development will be influenced or directed by the introduction of the Apprenticeship levy. Corporate & Professional Qualifications has continued to engage closely with the key Apprenticeship stakeholders to ensure our qualifications and wider provision are aligned with the changing landscape. Against this background, and despite the continuing financial and operational challenges to investment in learning and development, we see a maintained and growing commitment to the development of skills, capability and professionalism across our relationships in the banking and finance sector.

Business performance

In order to meet market demand for a more flexible and accessible approach to professional development, our corporate qualifications portfolio (previously offered as a part-time degree programme) was redesigned as a 'Professional Qualifications Framework' (PQF) for launch in September 2016. The PQF enables banking and finance practitioners at any level to achieve a qualification that recognises industry specialisms with mandatory content on ethics and professional conduct. Market reception has been positive, with the Professional Diploma in Banking & Finance now featuring as a funded and integral element of banks' employee development schemes.

Registration numbers are closely linked to performance of the UK housing market, which was subdued during the year. CeMAP® remains the acknowledged benchmark qualification for mortgage advisers in the UK. To maintain its market-leading status, development activity to review the learning materials and enhance the learning experience was completed. Following launch of the CeMAP® Diploma in November 2016, the number of CeMAP® holders progressing to this higher level qualification saw a sharp increase.

Whilst we remain a smaller player within the financial advice qualification market, good registration growth has been seen across this portfolio. A number of opportunities to extend provision of our financial advice qualifications to international markets were identified and continue to be developed. We also continued to see an increase in registrations for qualifications linked to pensions advice and later life financial planning.

Following strong growth in the previous year, performance of our trade finance qualification portfolio stabilised. However, to access new markets across South America, the Middle East and Asia, increased relationship management resource was appointed during the year, including within these international locations. Our qualifications, which are endorsed by the International Chamber of Commerce (ICC), continue to be recognised as the industry benchmark in the 90-plus countries where they are studied.

Programme Development

To maintain our leading position in a competitive and challenging market, a programme of qualification development and enhancement has been undertaken throughout the year. The focus of this was development of the PQF, offering the Professional Diploma in Banking & Finance and Chartered Associateship, but a number of new specialist qualifications were also launched, in many cases through collaboration with trade or professional bodies. This development activity focused on areas where regulatory attention might increase or where market and consumer attitudes demanded a stronger focus on capability and professional standards. Programme management also included the withdrawal or redesign of under-performing qualifications.

A new CeMAP® Revision Tool was launched in March 2017 to provide enhanced support for student achievement. To offer progression opportunities for existing holders of CeMAP® (now approaching 100,000 in number) the non-mandatory Diploma in Mortgage Advice and Practice was streamlined and relaunched in November 2016 as the CeMAP® Diploma. To provide a comprehensive range of qualifications for mortgage advisers and in response to an increased significance for the role of the para-planner, work to restructure CeFAP (Certificate in Financial Advice and Planning) was launched.

Developed and marketed in collaboration with the Finance & Leasing Association, the new Diploma in Asset Finance (DipAF) was launched in September 2016. Registrations exceeded expectations and this prompted market research on the demand for a higher-level qualification.

A new Certificate in Credit Union Professional Conduct (CertCUPC) was launched in February 2017. This followed a development process undertaken in close association with the sector's professional body (ABCUL) which both endorsed and part-funded development of the qualification.

To diversify the trade finance portfolio, work started on the development of new professional qualifications through a partnership approach with key industry players. Alongside this development, enhancements were made to the 'recertification' process for our trade finance qualifications, enabling holders to demonstrate a continuing commitment to professionalism. This included the launch of the 'CDCS Advocate' scheme for experienced trade finance professionals who have recertificated for five Continuing Professional Development (CPD) three-year cycles.

A new qualification in international payments, the Certificate in Principles of Payments (CertPAY), was launched in March 2017 with the endorsement of SWIFT Institute, the educational arm of SWIFT, and other industry bodies including Payments UK (now UK Finance) and the Emerging Payments Association.

Our accreditation activity in respect of corporate in-house programmes, overseas banking institutes and Apprenticeship programmes increased during the year and was strengthened through additional dedicated resource.

To support the development of our provision to the regulated advice sector, a market review of the needs of adviser firms and the broker network identified a number of opportunities for qualification development and market engagement. This included establishment of the Regulated Education Advisory Panel, a 'sounding board' comprising senior and influential sector players, which was launched in March 2017 and has already provided valuable insights and advice.

Organisational Development

The Banking Standards Board, which is progressing its review of 'Professionalism in Banking' through a series of industry discussion forums, invited The London Institute of Banking & Finance to join the Working Group of banks, learning providers and professional body representatives which supports and guides their work.

Our qualification 'Certificate in Debt Collection' was selected as a finalist for the 'Turnaround, Restructuring and Insolvency Awards' under the category 'Education/Training Provider of the Year'.

A programme of work was undertaken to meet Ofqual's requirement for transition of all regulated qualifications from the Qualifications and Credit Framework (QCF) to the new Regulated Qualifications Framework (RQF). This was completed well ahead of the December 2017 deadline.

Degree Programmes

Recruitment

During the year we established a recruitment working group that includes staff from marketing, careers, student engagement and programme teams. The focus of the group is on higher education student recruitment and enrolment. The group has led on a series of events, which included an Applicants Day, with the aim of engaging prospective students throughout each interaction with us. This group has worked closely with the admissions panel who take a holistic view of prospective students to make informed decisions on each applicant. This work fed into an intensive recruitment plan that culminated in us receiving an increase in applications – 120% more than last year, which has led to an increase in student intake for 2017/18. The increase in applications is particularly pleasing in the light of an overall drop in applications by 4% across the sector.

Following successful validations at the beginning of this year, marketing for two postgraduate programmes is now underway. The first, an online MBA in Banking & Finance to be delivered by InterActive Ltd, is anticipated to accept a small initial cohort in 2017, with plans for up to three intakes per year going forward. The second, The London Institute of Banking & Finance's MSc in Banking & Finance, accepted applications for a September 2017 start. Interest in this part-time, online course aimed at aspiring senior managers in the financial services sector has, to date, been strong. Marketing initiatives in support of the programme include a series of online 'open day' webinars where attendees can learn more about the qualification and join a 'taster' lecture.

The Postgraduate Certificate in Teaching Financial Capability (PGCHE) recruited a small cohort of students in September 2016. The participants are school teachers already in employment. During the year we worked with the Personal Finance Education Group (PFEG) on a partnership to encourage teachers participating in the PFEG programme to continue onto our PGCHE.

Teaching Excellence Framework

In June 2017, The London Institute of Banking & Finance received a 'Provisional Award' in the Teaching Excellence Framework (TEF). This means that the higher education provider meets rigorous national quality requirements for UK higher education, and is taking part in the TEF, but does not yet have sufficient data to be fully assessed. We will be fully assessed in future when we have sufficient data.

National Student Survey

This was the second year that we had participated in the National Student Survey (NSS). This sector-wide survey, led by IPSOS MORI as sub-contracted by the Higher Education Funding

Council for England (HEFCE), is one of the major independent measures. The 2017 National Student Survey has now come to a close. The data is currently being collated by HEFCE and we can expect to receive the results later this year.

Destinations of Leavers from Higher Education Survey

The 2015/16 Destinations of Leavers from Higher Education (DLHE) results were released during the year. This year we met the threshold for our full-time students' data to be published and we have achieved an 87.5% response rate with 81% of our students achieving employment within six months of graduation. The full results are not available until later this year but our figures compare well to the 2014/15 national result which stated that 70% of full-time students achieved employment within six months of graduation. Our average starting salary for students completing our degree programmes is £28.5k, which is £1,500 higher than the median graduate starting salary as indicated by the Association of Graduate Recruiter's 2016 Annual Survey.

Degree Apprenticeships

In March 2017 we were pleased to learn that our application to the Register of Apprenticeship Training Providers was successful. We are working on our apprenticeship offer and have appointed a new Head of Apprenticeships who will be leading this provision.

Times Higher Award

We were one of six universities shortlisted for the annual Times Higher Education Leadership and Management Achievements Awards 2017 in the 'Workplace of the Year' category. Other short-listed institutions included University of Essex, Loughborough University and University of Surrey. Whilst we did not win the award we were very pleased to be short-listed.

Financial Capability & Community Outreach

Our qualifications and learning programmes help schools and colleges to instil the knowledge, confidence and resilience children and young people need in order that they can be confident and competent financial consumers. They also provide the essential skills employers say young people are lacking as they enter the workplace.

Since the addition of Financial Education into the National Curriculum in 2012 and the continued work of the All Party Parliamentary Group (APPG) on Financial Education for Young People, it has been encouraging to see school engagement rise to outstanding levels during this academic year, with a 48% increase in students studying with us. It is reassuring to note that after a decade of working with schools and colleges approximately half a million children and young people have studied one or more of our programmes.

Our qualifications continue to feature in Department for Education (DfE) performance tables, to be fully funded and offer maximum UCAS points for those students progressing to University.

The scholarship programme which recognises and rewards high academic achievement by students who have taken the Certificate and Diploma in Financial Studies (CeFS and DipFS) continues to support those wishing to study one of our degree programmes.

At the heart of our success this year is LiFE (Lessons in Financial Education). It is an accessible e-learning suite of programmes that allow students to experience financial education on a learning by doing basis. Students navigate through a series of essential topics, working at their own pace and requiring a minimum of teacher intervention. It has enabled schools and colleges to deliver outside of timetabled lessons, whole school and cross curricular. The programme measures not only knowledge but also the impact of the learning in relation to financial habits. The next level was available from September 2017 and will provide all learners with excellent progression opportunities.

Community & Outreach

We have expanded our reach outside of a traditional school and college environment and now work with leading charities to support individuals and help them gain invaluable financial awareness and increase their digital, literacy and numeracy skills. Our initial work has focused on three groups; the homeless, children and young people with special educational needs (SEND) and families living with domestic abuse.

Excellent progress has been made and strong relationships have developed with the Citizens Advice Bureau, Salvation Army, Barnardo's, the homeless charity Porchlight and SNAAP (Special Needs Advisory and Activities Project). Our objective is to ensure that those who are vulnerable in society are given the opportunity to reduce their financial vulnerability and avoid financial exclusion.

Policy Engagement

We continue to work closely with policy makers – Department for Education, Institute for Apprenticeships, Money Advice Service and other organisations that are passionate about financial education. On behalf of the Money Advice Service we are now chairing the Children and Young People (CYP) steering committee, which includes other charities, Ofsted and key financial services organisations. The key objectives are set out below:

- All CYP will get the financial education they need by 2025;
- Improved knowledge and skills;
- Increase in positive attitudes and motivations;
- Increased connection and access to products/risk;
- Increase in financially capable behaviours of young people;
- Leading to a future generation of adults who make good financial decisions.

Young Persons' Money Index

The 2016 Young Persons' Money Index is divided into three sections. Section one provides a snapshot of the current state of financial education and its delivery in schools and colleges, section two looks at the financial confidence and behaviours of young people, while section three takes each of the All-Party Parliamentary Group's (APPG) recommendations and uses them as a context to examine the findings of the research on young people's attitudes to and interactions with personal finance.

Through this research, we are collectively better able to appreciate teenagers' understanding of the changing world around them, and in so doing ensure they have the essential skills needed to be financially resilient.

Headlines

- **58%** of children in the 15 – 18 age group don't receive any financial education at school or sixth form.
- **80%** of young people in the 15 – 18 age group say their parents or family are their prime source of financial understanding.
- **61%** say that they have money worries.

1. These figures show that young people in older age groups who are beginning adult life, often managing their finances themselves for the first time, are at least somewhat unprepared to do so.
2. In addition, the majority are still not receiving the financial education that we know is so important.
3. Part of the solution to this problem is consistent financial education throughout their school lives.
4. A further part is the crucial role of parents in talking to and engaging with their children about money.

The 2016 Young Persons' Money Index reveals a mixed picture of the status of financial education available for teenagers in the UK. Whilst it is evident progress has been made since 2014 when the first report was launched – not least the development of valid recommendations to improve financial education – there is still some way to go before we as an industry can report "job done" back to the APPG.

Student Investor Challenge

The national final took place on Wednesday 3rd May at Peninsular House. Four students from the Judd School in Tonbridge beat more than 40,000 students across the UK to be crowned 2017 Student Investor Champions.

In a tense final against seven other teams, they outperformed the market in live trading simulations, before delivering a compelling presentation on currency exchange to a panel of business experts.

The 2017 competition was the most competitive yet, with over 1,000 teams outperforming the market, securing some £2bn in virtual profits.

Looking Ahead

As the post-16 skills landscape changes and greater importance is placed on enhancing employability skills and boosting young people's resilience, financial education must be included as a key strand for ensuring teenagers are ready to enter the workplace. Whether today's students aspire to becoming employees or starting their own businesses, we will continue to develop lifelong financial education that will support them in this endeavour.

International Business

One of the strategic priorities for our international business is to fulfil our vision of being internationally recognised for delivering outstanding financial education. Other benefits are to diversify our sources of income and broaden our customer base. In recognition of this in July 2017 the International Business unit was set up with the appointment of an International Director.

The focus for the first year has been on raising the profile and awareness of The London Institute of Banking & Finance brand and of seeking to establish key strategic regional partnerships.

Americas and Caribbean
Executive Education – Cuba

We worked closely with the British Embassy and the Cuban Central Bank to deliver a four-week banking and finance capacity building project in Cuba to a group of 30 commercial and central bankers. The success of this programme has led to plans to expand the scope and reach of the programme and we have been shortlisted to deliver three more capacity building projects in Cuba in 2017/18.

Middle East
Executive Education, HE and Professional Qualifications – Kuwait and Saudi Arabia

In April 2017, Professor Peter Hahn delivered a Corporate Governance workshop to the Chairmen of all the commercial banks in Kuwait.
In recognition of the wide range of opportunities for collaboration in Kuwait, we entered into a Trusted Partner agreement with the Kuwait Institute of Bankers, which includes accreditation of their six training programmes.

In May 2017, Alastair Tyler, International Director delivered a key note address at the inaugural conference for Professional Certification: The Driving Force Behind a Knowledge Based Economy in Riyadh, Saudi Arabia. This Conference was linked to the Saudi 2030 vision of professionalising their workforce and we entered into discussions with several potential local and regional partners to offer a wide range of our professional qualifications, HE programmes and short courses.

South East Asia
HE and Professional Qualifications – Cambodia, Myanmar and Vietnam

We are finalising arrangements to commence a partnership with ACLEDA Institute of Business (AIB) in Cambodia, offering a selection of our professional qualifications programme. AIB is the national training centre and banking institute in Cambodia and is wholly owned by ACLEDA Bank, which is the largest bank in Cambodia and the only one ranked in the top 100 ASEAN region banks. We have also commenced discussions with several potential partners in Myanmar and Vietnam to offer both undergraduate and postgraduate qualifications.

Sub-Sahara Africa
Executive Education and Professional Qualifications – Botswana

In December 2016, the Council of the Botswana Institute of Bankers (BIOB) approved a wide ranging partnership with us to offer our professional qualifications programme. However, the planned launch has been postponed whilst the Council of BIOB discusses its future role, as it requires significant investment to comply with new local requirements. At this time it is unclear whether its corporate members and/or central bank are willing to provide the funding.

Executive Education and
Professional Qualifications – East Africa

In March 2017, a marketing trip was made to Kenya, Tanzania and Uganda to promote an open programme of short training courses for commercial banks in partnership with the banking instututes in those countries. Due to a very limited response, the programme was cancelled and the focus switched to offering in-house training and bespoke training for central banks. Discussions are progressing with the Bank of Uganda to launch a Bank Director programme on Corporate Governance & Risk Management (for all bank Board members) being jointly run by us and their central bank. We are due to commence offering a selection of our PQF in Uganda by November 2017.

Executive Education, Professional Qualifications and HE – Ghana

In May 2017, a marketing trip was made to Ghana. This followed on from a visit to The London Institute of Banking & Finance by the CEO and President of The Chartered Institute of Bankers, Ghana. The International Director presented to their Council, who gave their full support to enter into a broad based partnership with us to offer our PQF; MSc and the Bank Director programme.

World Conference of Banking Institutes (WCBI) – Nigeria 2017 & London 2019

In April 2017, the International Director delivered a key note address on Lifelong Learning at the 22nd WCBI conference in Lagos, which was very well attended with over 1,000 delegates. We were confirmed as the host of the 23rd WCBI biennnial conference in London in 2019. Discussions are underway with various organisations including City of London Corporation and DIT to secure sponsorship for this prestigious event.

ProShare

ProShare is the voice of the employee share ownership industry in the UK. We liaise with and lobby government, regulators, industry bodies and the media to protect, promote and enhance the industry. We provide a range of training and professional development opportunities to help ensure high standards are maintained throughout the industry. We commission research, including our Annual SAYE & SIP Report. We also deliver two 'flagship' events annually, the Annual Conference and the Annual Awards Dinner.

2017 was ProShare's 25th year at the heart of employee share ownership in the UK. We marked this anniversary with a well-attended celebratory event for members and guests at The Banking Hall on Cornhill, in the City of London. The event celebrated our organisation's achievements in share plans and thanked those who have played a key part in our history, including the role that The London Institute of Banking & Finance (under the previous name *ifs University College*) played in helping to secure ProShare's financial future on its acquisition in 2004.

Lobbying activity in the 2016–17 financial year was interrupted by the fall-out following the EU Referendum at the end of June 2016 and the 'snap' General Election held in June 2017. ProShare has worked with its Westminster advisers to formulate a post-election plan of action. Key objectives are:

i) to meet with as many of the new intake of MPs as soon as possible to shore-up awareness of employee share ownership and its contribution to society and the economy; and
ii) to continue to promote our policy change objectives to the new MP intake and to existing supporters, ministers and their advisers.

2016's Awards Dinner was a sell-out success, increasing income from this event by 10% compared to the previous financial year. Our 2017 Awards Dinner is being held on 6 December 2017 at a new venue, the London Hilton Bankside, which will give us 20% greater capacity and an updated experience for our members and guests.

Following a great year for membership in 2016, we are delighted that 2017 saw two of our existing members upgrade to Gold Membership (our highest value membership category) and join our Advisory Panel – Equatex Global and KPMG. We also attracted new corporate members throughout the year, with newly merged CMS Cameron McKenna Olswang Nabarro, Covington & Burling LLP, Cooleys LLP, BNY Mellon, Unilever, FTI Consulting and Investec being the most recent new members.

Attendance at our Annual Conference in September 2016 increased by 32% to 325 attendees, drawn from the corporate world, 'Magic Circle' law firms, the 'Big 4' accountancy firms and share plans administrators. We grew the income from this event by 41% and increased our margin to 27% this year, compared to a margin of just 6% in the prior year. For 2017 we have moved the Annual Conference to a larger venue at etc.venues County Hall in Westminster, in order to accommodate a growing number of sponsoring exhibitors.

Employee share ownership catches a rising tide given its relevance to corporate governance, employee motivation, fair pay and corporate productivity. It also plays a role in addressing financial inequality, a growing problem for individuals, business and society. As expected 2017 presented us with challenges but also many opportunities which we have capitalised on, as evidenced by our financials for the year. ProShare will meet the coming financial year on a solid financial footing, confident of our ability to attract new members, retain existing members, and generate good margins on our events and activities.

Alumni, Professional Services and Membership

The last 12 months has seen the introduction of a number of new initiatives designed to support the ongoing development of our membership and alumni community and an expansion of both the range and uptake of our services.

A major initiative in the first half of the year was the re-engineering of our various membership levels and qualifying criteria to align them more effectively with the new brand and suite of professional qualifications introduced in September. These included the introduction of revised criteria for achieving Chartered Status – including a professional experience route, the extension of entry level membership to all students undertaking a qualification at Level 4 in the RQF and above, and the re-introduction of Fellowship for highly experienced practitioners who can demonstrate a sustained commitment to the goals and vision of The London Institute of Banking & Finance.

Our ever popular programme of events, seminars and lectures has continued to grow with over 5,000 people attending the 108 events we ran during the year. A major highlight of the programme was the 2nd Annual Henry Grunfeld Lecture addressed by former Chancellor of the Exchequer, the Right Hon. Lord Alistair Darling. In the later half of the year we launched a new series of panel discussions, covering some of the most pressing issues facing the industry such as Brexit implications, the Second Payment Services Directive and Cybercrime. These sessions are run in conjunction with our long-standing partner the CSFI and, unsurprisingly given their topicality, have proved to be very popular.

Mindful that our community is geographically dispersed, alongside our established regional events programme, we have also expanded the distribution of our event content via digital means. This has included the delivery of 16 webinars and the continuation of our podcasts which in the last six months alone have been downloaded over 7,000 times.

Our bi-monthly publication Financial World has further evolved. In December we introduced a new design and layout for the magazine in keeping with our new brand and, with the ongoing support of CSFI, we have been able to better align its content both to our educational programmes and to the key challenges and opportunities facing the sector. Recent features have addressed topics such as debt into retirement, developments in fintech and cybersecurity.

We continue to promote the benefits of CPD to our community and provide frameworks, tools and activities to assist them in maintaining and enhancing their knowledge. The number of professionals using our CPD verification services to achieve and retain Chartered status, CDCS/CSDG re-certification and Statements of Professional Standing has remained very strong and the feedback from those using these services on the support we provide has been extremely positive.

A major focus for the next year will be the development and implementation of community engagement initiatives. These initiatives will be focused on membership retention, particularly aimed at those completing their studies, and on re-engagement with our wider community of former students. To inform this work, a significant piece of stakeholder research has been carried out to identify the benefits and services that our community would find most valuable and the kinds of relationships they would be interested in having with us in the future.

Financial review – results for the year ended 31 July 2017

As an educational charity incorporated under Royal Charter, The London Institute of Banking & Finance uses all its income to advance education about financial services both for the sector and for the public at large.

We receive a variety of tax exemptions on our educational activities and on its investment income and gains. We are also entitled to an 80% reduction in business rates on the property occupied for its charitable purposes. The financial benefits received from these tax exemptions are all used for educational purposes.

The fees, kept as low as possible to ensure affordability and wider access, are sufficient to cover the cost of running current programmes and investing in new ones. Funding comes from a variety of sources both public and private. Many students are funded by employers. Some students studying for qualifications that are in Ofqual's Qualifications and Credit Framework (QCF) have indirect access to public funding. Full-time students studying for a degree on an appropriate 'designated' course are eligible to borrow their fees from the Student Loans Company.

It is supported in its activities by its wholly owned subsidiaries, ***ifs*** ProShare Limited, which provides a voice for the Employee Share Ownership (ESO) industry acting as an essential point of liaison between ESO professionals, service providers and companies committed to, and involved in, employee share plans and other share ownership schemes, as well as LIBF Learning Limited whose main activities encompass sponsorship and events.

Total income for the year of £14.1m compares with previous period of £14.0m.

The overall number of students on full-time programmes reduced and we continued to see demand for part-time undergraduate banking degrees reduce following the launch of the new Professional Qualifications Framework. This is reflected in the increase in revenue from Corporate and Professional qualifications, with demand for regulatory professional qualifications including mortgage advice, financial advice and trade finance in line with the previous year.

There was a significant increase in registrations for Financial Capability qualifications with growth in revenue of over 30% and the number of schools approaching 600 for the first time.

Overall expenditure fell from £16.07m to £15.96m. Staff costs increased following a significant commitment to developing international business. The first year has focussed on raising profile and awareness of the brand and establishing key strategic partnerships, and a number of opportunities now exist for revenue growth in 2017/18. Other operational and overhead costs reduced against prior year.

The deficit for general funds fell to £1.187m against the prior year total of £1.474m and included around £300,000 on strategic projects including the first stages of the digital transformation project. The deficit of £138,000 for restricted funds reflects expenditure on the Grunfeld, Bursary and Scholarship funds.

Investments

At 31 July 2017, we held fixed-asset investments with a market value of £4.795m (compared with £5.395m in 2016) following a withdrawal to support strategic and operational projects.

The Trustees, through the Leadership Group, delegate the discretionary powers of management of our fixed-asset investments to investment manager Rathbones.

The investment objective is to maximise long-term total return and it is measured against an agreed target. There is no specific direction given to the investment manager regarding social, environmental and ethical considerations.

Our bank balances are held in cash funds managed by BlackRock, which aims to reflect London Interbank Bid (LIBID) seven-day rates; and in a range of fixed-term deposits with Barclays.

Reserves

We aim to maintain a level of reserves that would enable us to fulfil our future commitment to existing alumni and students, notwithstanding unforeseen adverse events. The key performance indicator, a target range for the appropriate quantum of reserves, is currently estimated to be one year's operating costs in respect of alumni services, plus between one and two years' operating expenditure relevant to the provision of qualification services.

Current free reserves, which is consolidated unrestricted income and expenditure reserves less tangible non-current assets, decreased from £4.644m to £3.603m. The reduction supported operational performance as well as £300k of strategic projects linked to digital transformation and development of the new Professional Qualifications Framework. This was supported by a transfer from the investment portfolio with the organisation remaining free of any borrowing. Reserves currently sit outside the target range as we continue to make strategic investments.

Financial outlook and future plans

To ensure we have a sound financial base and are well resourced to meet the challenges and opportunities we face, the long-term strategic plan contains key performance indicators on the level of operating surplus (excluding strategic investments) which we should generate each year, broadly 5-10% of revenue. The budget for 2017/18 is based on achieving a break-even operating position with the organisation moving towards its strategic target within 2 to 3 years.

This is supported by a range of initiatives including the launch of the new Professional Qualifications Framework and building a network of international partnerships that will enable our new brand to be globally recognised and to place an international dimension at the heart of our staff and student community. In addition, significant investment has gone into improving student experience on degree programmes, resulting in an increase in student recruitment in September 2017 as well as partnerships for delivering new degree apprenticeships with the first one already launched.

Following the introduction of a new Level 1 Programme, Lessons in Financial Education (LiFE) the second phase at Level 2 is being launched in 2017/18. This provides progression for students and also incorporates Mathematics for Financial Education. The ease of access will enable more opportunities to deliver financial education both in the UK but also internationally.

Principal risk and uncertainties

We have classified our identified risks into strategic and operational areas. Strategic risks are described as those mainly in the external market and environment over which we have little or no control: it may be able to mitigate the impact, but is not able to control the probability of the risk occurring and the risk may have a fundamental impact on our future strategic direction.

Over the past few years we have faced significant risks from external factors, mainly political, which are difficult to control, most notably in the schools market but also within HE. The HE sector continues to experience change and a degree of uncertainty in respect of the longer-term strategic position, particularly for those providers categorised as 'alternative', which includes The London Institute of Banking & Finance.

The key principal risks that have been identified include relationships with overseas partners, particularly in the area of trade finance where there is a longstanding relationship with the ICC; as well as the requirement for banking staff to complete training and qualifications in a shorter period of time, thus affecting demand for undergraduate banking degrees. In addition, there are risks associated with undertaking a fairly substantial change management programme, including the change of name and brand.

A range of mitigating factors are in place, including a comprehensive scrutiny process for any new and existing partners, focussing on academic quality as well as financial sustainability, the launch of a new corporate and professional qualifications framework to replace the part-time offering and a range of briefings and engagement on the new brand and the strategy.

Operational risks relate primarily to our day-to-day running. These are more likely to be within our control, in terms of our ability to affect the probability of the risk occurring and to mitigate the impact.

Key operational risks have been identified in five overarching categories:
- student recruitment and retention;
- organisation and product management;
- people;
- finance and commercial;
- IT, including information risk management.

For each risk identified under these headings, an estimate is made of the probability of the risk occurring and the impact on us and our stakeholders if the risk did occur. Mitigating activities are documented for each risk and the current status noted.

The Board and management continue to maintain close oversight of the risks we face, pursuing mitigating actions as necessary.

Equality and diversity policy statement

We are committed to creating a culture in which diversity and equality of opportunity are promoted and in which unlawful discrimination is not tolerated. We recognise the real educational and business benefits of having a diverse community of staff, students, members and subscribers to any services and therefore works towards building and maintaining an environment that values such diversity. To meet this commitment, we aim to ensure that:
- individuals are treated solely on the basis of their abilities and skills;
- nobody is discriminated against on grounds of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation;
- it affords its students, members, subscribers and employees the opportunity to fulfil their potential;
- it promotes a supportive environment for staff, students and visitors.

Reference and administrative details

Charity name
The London Institute of Banking & Finance

Charity number
297107

Incorporated in England by Royal Charter, registered number RC000719.

Registered office

8th Floor
Peninsular House
36 Monument Street
London
EC3R 8LJ

Board of Governors (Trustees)

The Trustees as at 31 July 2017 are as follows:

Steven Haberman (Chair) (appointed June 2017)

Steven is currently Professor of Actuarial Science at Cass Business School, City, University of London. From 2002 to 2012, he was Deputy Dean and Director of Cass Business School, and then Dean for 3 years to the end of 2015.

Steven graduated in mathematics at the University of Cambridge. He qualified as a Fellow of the Institute of Actuaries in 1975, and obtained his PhD and DSc in actuarial science from City University. He is also a Fellow of the Royal Statistical Society and of the Institute of Mathematics and its Application. He is an Honorary Fellow of the Italian Institute of Actuaries.

Steven has worked at Prudential Assurance and for the Government Actuary's Department, and has been a member of the Council of the Institute of Actuaries (for 2 terms). He has also been a member of TheCityUK Advisory Council, Governor of the City of London Academy (Islington), and a member of the External Advisory Panel to the Morris Review of the UK Actuarial Profession, as well as a founder member of the Financial Reporting Council's Board for Actuarial Standards. He has acted as a consultant to Deutsche Bank, Swiss Reinsurance, the FSA and the National Audit Office among others.

He is currently a member of Legal and General's Longevity Science Panel and is an advisor to the Institute for Jewish Policy Research. Since March 2016, he has been an Associate Director of the Actuarial Research Centre set up by the Institute and Faculty of Actuaries.

He has co-authored 5 books and has written over 190 papers on a wide range of topics, including mortality and morbidity models, annuities, insurance pricing and pensions. His papers have won research prizes from the Institute of Actuaries (UK) and Society of Actuaries (US). He has also successfully supervised 28 doctorial students.

Alex Fraser
Peter Bishop
Moorad Choudhry
Wendy Chowne
James Devlin
Amanda Francis
Catharine French
Thomas Huertas (appointed November 2016)
David Kennedy
Saajid Patel *Student Representative*
Jakob Pfaudler (appointed March 2017)
Ian Stuart
Damian Ward (appointed March 2017)

The following Trustees served during the year but were not Board members when this report was signed:

Christopher Egerton-Warburton (resigned June 2017)
Paul Fisher (Chair) (resigned June 2017)
Simon Lloyd (resigned September 2016)
Carol Vielba (resigned September 2016)

Audit Committee

Amanda Francis (Chair)
David Kennedy
Maria Vetrone (external member)

Remuneration and Nominations Committee

Steven Haberman (Chair)
James Devlin
Amanda Francis
Catharine French

Academic Board

Board members and external members of the committee are:

Alex Fraser (Chair)
Maria Carapeto
Dot Carrier
Warwick Funnell
Tony Gandy
Peter Hahn
John Hearn
Heather McLaughlin
Keith Pond
Hema Tank
Annabel Todd *Student Representative*
Carolina Valiente
Damian Ward
Michael Waudby *Student Representative*
Suellen White

Members of the Leadership group









Chief Executive
Alex Fraser

Head of Faculty
Maria Carapeto

Managing Director, Corporate and Professional Qualifications
Martin Day

Dean, Henry Grunfeld Professor of Banking
Peter Hahn

Chief Operating Officer
Ian Parrett

Managing Director, Financial Capability and Community Outreach
Alison Pask

Associate Dean, Degree Programmes
Hema Tank

International Director
Alastair Tyler

Associate Dean, Quality, Policy and Regulation
Suellen White

Principal advisers

Bankers
Barclays Bank plc
9 St George's Street
Canterbury
Kent
CT1 2JX

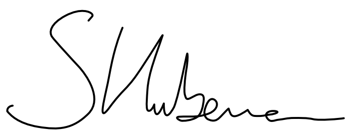
Solicitors
DAC Beachcroft
100 Fetter Lane
London
EC4A 1BN

External Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Internal Auditor
Kingston City Group (KCG)
Kingston University
Kenry House, Kingston Hill Campus
Kingston Hill
Kingston upon Thames
KT2 7LB

Investment manager
Rathbones Investment Management Ltd
1 Curzon Street
London
W1J 5FB

The Report of the Board of Governors was approved by the Board of Governors on 22 November 2017 and signed for and on their behalf by



Steven Haberman
Chair

Statement of Corporate Governance

Structure, governance and management

The governing body of The London Institute of Banking & Finance is the Board of Governors, which comprises the Chair, the Chief Executive and up to 15 appointed members, including a representative from the student body and a representative of the academic community. As Governors, members of the Board of Governors have a single overarching responsibility, which is to ensure that we fulfil our object as stated below. In addition, the members of the Board of Governors are the Trustees of the charity.

Corporate governance

We have adopted the code of governance for the voluntary and community sector published by the National Governance Hub (a partnership of organisations working to improve governance of charities and other voluntary and community organisations). The code is not mandatory but we have decided to adopt it. We also take into account the Guide for Members of Higher Education Governing Bodies in the UK published by the Committee of University Chairs.

Constitution

The London Institute of Banking & Finance was established in 1879 as the Institute of Bankers and has latterly used the working names Institute of Financial Services, ifs School of Finance and ifs University College. It was incorporated by Royal Charter in February 1987 and registered as a charity in June 1987. Amendments to the Charter followed in February 2000, December 2003, July 2006, May 2008, July 2010 and September 2016. These included formally changing the name and changes to the governance.

Charter

The Charter sets out our objects and powers. It requires us to establish a Board of Governors who are the Trustees, and an Academic Board.

The object for which we are constituted is the advancement of knowledge of, and education in, financial services as the Board of Governors may determine from time to time, and to carry out research and publish the useful results of such research for the benefit of the public.

The Trustees are cognisant of the Charity Commission guidance on public benefit and, in particular, guidance for fee-charging charities. The Trustees are satisfied with the steps they have taken in this regard.

Board of Governors

Members of the Board of Governors include senior personnel within the financial services and educational sectors who 'donate' their expertise, experience and limited time on a voluntary basis to act as Governors.

The primary responsibility of the Board is to oversee our strategic academic and educational direction and monitor the progress through regular timely reporting, including reports from all of the key Committees and reviews of key performance indicators. The Board also oversees the management of the finances, property and all business affairs.

Statement of Responsibilities of the Board of Governors

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

The Charities Act 2011 requires the Governors to prepare financial statements for each financial year.

The Governors have to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of our state of affairs, and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting for Further and Higher Education;
- make judgements and accounting 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 group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain our transactions and disclose with reasonable accuracy at any time our financial position and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of our Charter and Statutes. They are also responsible for safeguarding our assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on our website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board meets at least four times a year and receives regular reports from management on our operational aspects, including a quarterly update against operational plan and minutes from all of the sub-committees including the Academic Boards. At least one of the meetings includes a review of the strategy and five-year plan.

Through leadership of the Board, the Chair plays a key role in our business, ensuring that we are well connected with our stakeholders. The Chair promotes the well-being and efficient operation of the Board, and ensures that members work together effectively and have confidence in the procedures laid down for the conduct of business. The Chair ensures that committees play a central role in the proper conduct of the Board's business by exercising delegated powers and reporting back to the Board appropriately. The Chair should not be drawn into the day-to-day executive management.

Day-to-day responsibility is delegated to the Chief Executive leading the management team. The Chief Executive is our academic and executive head and is responsible to the Board of Governors for academic, business and financial affairs, and for advising the Board on strategic direction.

It is management's duty to report on operational matters to the Board, including any variances to plan, and to ensure that the Board is presented with relevant information to support its debate on strategic issues.

Governor selection and induction

Board members are selected from the financial services industry, commerce, the educational system, the securities and investment sector, and public services.

When first elected to the Board, members receive a personalised induction programme, which comprises briefing sessions with the Chief Executive. These sessions provide Governors with an insight into our workings, nature and its Board; our strategic objectives, and their personal responsibilities as Governors.

In addition, opportunities are provided to meet other members of staff engaged in our activities, and an information pack is available for new and existing Governors. On appointment, Governors are required to complete a register of interests.

Committees of the Board of Governors

Academic Board

The Academic Board is our supreme academic authority and guardian of the academic integrity and quality of its higher education awards.

The membership of the Board comprises a majority of persons with academic knowledge and experience at a senior level. The Board is chaired by the Chief Executive and is attended by all of the relevant academic heads and directors. Appointed members include no more than twelve academics with relevant qualifications and experience, one academic delivering teaching for our academic awards, two representatives of the student body, and one elected member of staff are responsible for the delivery of the academic programmes who does not manage other staff engaged in such delivery. The principal functions of the Academic Board include to:

- guide the Board of Governors on educational strategy, legislation relating to educational provision, regulatory requirements affecting the award of degrees and the implications of the development of further or revised academic provision;

- approve courses and programmes of study leading to academic awards and all significant amendments or discontinuance;

- regulate all instruction, teaching and research;

- prescribe the criteria, procedures and guidelines for the assurance and the quality and standards of all courses and programmes of study and research;

- prescribe the requirements concerning all matters of academic sufficiency under which persons shall be permitted to pursue their studies.

The Academic Board meets at least four times a year and minutes of its meetings are reported to the Board of Governors.

Audit Committee

The basic responsibility of the Audit Committee, which meets at least twice a year, is to satisfy itself as far as it can that the annual accounts follow approved accounting principles and give an accurate account of our affairs in as comprehensible a way as possible. It must satisfy itself that the external auditors have no cause for disquiet about any aspect of the accounts or of our control and audit procedures. The Committee also monitors the risk management and internal control processes and provides the Board of Governors with an annual report of its work. The Audit Committee is chaired by a member of the Board of Governors who is also a qualified accountant, and comprises at least one other Board member and one external member. It is also attended by a representative from the external and internal auditors.

Academic Audit Committee

The Academic Audit Committee's responsibility is to assess the effectiveness of all aspects of quality assurance systems and monitoring and reporting arrangements. It checks that these systems and arrangements are being operated as the Higher Education Academic Board and Personal Finance Board intended, and it may scrutinise these committees if deemed appropriate. The main business of the Academic Audit Committee is to implement internal quality audits. A five-year plan ensures academic matters are audited in a timely and consistent manner. The Academic Audit Committee is chaired by an external representative who is a Trustee of the Board of Governors and its membership includes representatives from academic-related staff, members of the Academic and Personal Finance Boards and a student representative. It meets at least twice a year and submits an annual report to the Board of Governors confirming that policy and procedures established for audit have been effective in contributing to the assurance of quality, maintenance of standards and identification of areas for enhancement.

Personal Finance Board

The Personal Finance Board is the guardian of the academic integrity and quality of the Regulated Advice, Specialist and Financial Capability awards made by us. It is a standing committee of the Board of Governors and exercises powers delegated to it in respect of quality and standards and compliance with the regulatory regimes. In particular, it approves all new programmes of study leading to our Regulated Advice, Specialist and Financial Capability awards and all significant amendments to them, and it ensures that the arrangements for the quality assurance and enhancement of qualifications are in line with the requirements and expectations of the regulatory authorities.

The Board meets at least three times a year and minutes of its meetings are reported to the Board of Governors.

Remuneration and Nominations Committee

The Chair of the Board of Governors chairs the Remuneration and Nominations Committee, which meets at least once a year. It is responsible for making recommendations to the Board of Governors on the appointment of Governors, the Chair of the Board, the Chief Executive and Chairs of Committees.

The Committee determines and approves a framework and consistent policy for us on remuneration and pension arrangements. It is specifically responsible for setting the terms of service of the Chief Executive and Secretary to the Board and considers, where necessary and subject to the legislation and regulations applying to charitable bodies, any remuneration for the Chairs of the Board and the Audit Committee.

Members of the Board of Governors, Academic Board, Audit Committee, Remuneration and Nominations Committee and the Management Team are listed in this report.

Statement of internal control and risk management

The Board of Governors has overall responsibility for maintaining a sound system of internal control and risk management. This supports our achievement, aims and objectives. Such a system is designed to manage, rather than eliminate, the risks. Therefore, they can only provide reasonable, and not absolute, assurance of effectiveness.

The internal financial controls include clearly documented accounting procedures and an understood delegation of authority of the Board of Governors, through the Chief Executive, to the rest of the organisation. As part of its risk-management process:

- we operate a comprehensive five-year strategic planning system, an annual operational plan and detailed budgets, with an annual budget approved by the Board;
- each quarter, actual results and operational performance are compared with the plan and forecasts reviewed and reported to the Board;
- the Board establishes and considers the major risks affecting the charity;
- during the year the Audit Committee reviews our system of internal control and risk management in operation, considers whether the systems are appropriate and reports accordingly to the Board;
- a business continuity and risk-management group meets quarterly to review significant risks, including any major incidents, and makes a report to the Audit Committee.

Our risk-management processes have been evaluated against HEFCE's self-assessment checklist for audit committees (HEFCE, 2005, *Risk management in higher education: A guide to good practice,* prepared for HEFCE by PricewaterhouseCoopers).

Disclosure of information to auditors

At the date of making this report, each of the Governors, as set out on page 11, confirm the following:

- so far as each Governor is aware, there is no relevant information needed by the Charity's auditors in connection with preparing their report of which the Charity's auditors are unaware; and
- each Governor has taken all the steps that he or she ought to take as a Governor in order to make him or herself aware of any relevant information needed by the Charity's auditors in connection with preparing their report and to establish that the Charity's auditors are aware of that information.

The external auditor, Grant Thornton UK LLP, was reappointed in the year.

Approved by the Board of Governors on 22 November 2017
and signed for and on their behalf by

Steven Haberman
Chair

Alex Fraser
Chief Executive

Auditor's Report

Independent Auditor's Report to the Board of Governers of The London Institute of Banking & Finance

Opinion

We have audited the financial statements of The London Institute of Banking and Finance (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the consolidated and Institute statement of comprehensive income and expenditure, the consolidated and Institute statement of changes in reserves, the consolidated and Institute balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and Institute's affairs as at 31 July 2017 and of the group's and Institute's incoming resources and application of resources, including the group's and Institute's income and expenditure 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 Charities Act 2011 and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

Basis for opinion

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board of Governors are responsible for the other information. The other information comprises the information included in the Report of the Board of Governors, set out on pages 2 to 17 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Board of Governors is inconsistent in any material respect with the financial statements; or
- the Institute has not kept sufficient and proper accounting records; or
- the Institute's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Responsibilities of the Board of Governors, set out on pages 13 and 14, the Board of Governors are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the group's and the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, United Kingdom

Grant Thornton UK LLP

22 November 2017

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

Statement of Principal Accounting Policies

The London Institute of Banking & Finance is a Registered Charity and incorporated by Royal Charter in England and Wales.

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investments and certain tangible assets. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): accounting for further and higher education 2015, and in accordance with Financial Reporting Standard FRS102. We are a public benefit entity and have therefore applied the relevant public benefit requirements of FRS102. The functional currency is £ sterling.

The financial statements are prepared on a going-concern basis. Our business activities, current financial position and the factors likely to affect our future development are set out in the Report of the Board of Governors. We have no borrowings and significant investment reserves with the budget for 2017-18 also indicating the achievement of break-even positions. Investments in capital and other strategic projects are carefully reviewed and the Governors only undertake such investments with the knowledge that the Institute will remain solvent, and are likely to add value as a result of the investment. The Governors are satisfied that the Institute has adequate resources to continue in operation for the foreseeable future, and for this reason the governors consider that the accounts of the Institute should be prepared on a going concern basis.

The Institute meets the definition of a qualifying entity under FRS102 as the results of the Institute are consolidated into the Group financial statements which are publicly available. In accordance with FRS102 S1.12, the Institute has taken advantage of the exemptions in respect of the preparation of a cash flow statement, disclosure of the remuneration of key management personnel and the disclosure of financial instruments.

b) Basis of consolidation

The consolidated financial statements combine our financial statements and its subsidiary undertakings. Further details of the subsidiary undertakings are disclosed in the notes to the accounts.

The subsidiary company, Institute of Financial Services Limited, has remained dormant throughout the period. Both LIBF Learning Limited and ***ifs*** ProShare Limited were trading during the period and have been consolidated into the financial statements.

Overseas centres have not been consolidated on the basis that they operate as separate legal entities governed by their own constitution. The grants made are given on the express undertaking that they will be applied wholly for educational purposes. Grants are included on the basis of amounts payable.

c) Recognition of income

Income from tuition fees and education contracts is recognised over the length of the course being offered.

Investment income is included on a receivable basis.

With no new life subscriptions being received, the balance is being released to income over a 20- year period on a straight-line basis. Other subscriptions and income are included on the basis of amounts receivable and any amounts received in advance included within deferred income.

Donations are included in the financial statements on the basis of amounts received.

All other incoming resources are included in income and expenditure when we are legally entitled to the income and the amount can be quantified with reasonable accuracy. Any amounts received in advance are included within deferred income.

Gift aid is recognised as a distribution at the point that a specific obligation has been created.

d) Accounting for retirement benefits

We operate a funded defined benefit scheme, the assets of which are held in a specific trust separately from those of The London Institute of Banking & Finance. Contributions to the scheme are charged to the statement of financial activities so as to spread the cost evenly over employees' working lives with us. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method and discounted using an AA corporate bond rate. The pension scheme assets are valued at market rate. Pension fund deficits are recognised in the balance sheet but surpluses are not recognised as assets where they cannot be recovered either through a refund from the scheme or reductions in future benefits.

We also operate a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the statement of comprehensive income and expenditure in the year to which they relate. These contributions are invested separately from the charity's assets in an independently administered fund.

e) Post-retirement benefits

Post-retirement benefits are included within the financial statements on the basis of the net present value of future cash flows, with any gains or losses charged to the income and expenditure account.

f) Operating leases

Rentals paid under operating leases are charged to revenue on a straight-line basis over the terms of the leases. Where incentives are offered at the start of a lease, these are spread over the period of the lease. Transitional arrangements have been applied to those lease incentives already in place at the time of transition.

g) Foreign currency transactions

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the statement of comprehensive income and expenditure as they arise.

h) Fixed assets

Individual assets costing £1,000 or more are capitalised at cost.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated using the following rates:

Leasehold improvements	10% over initial lease term
Computer hardware and software	33% per annum on cost
Furniture and equipment	25% per annum on cost

Computer hardware, software and items of furniture and equipment under £1,000 have been charged in full to revenue in the year of purchase.

The freehold building is stated at cost and depreciated over a period of 50 years.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

i) Investments

All investments are stated at market value, except for the 100% shareholding in the subsidiaries which is stated at cost. Market values have been determined as follows, with realised and unrealised gains and losses taken to the statement of financial activities:

- quoted investments at mid-market value;
- unit trusts and managed fund investments are stated at the average of the bid and offer prices.

j) Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Work in progress represents expenditure on the production of our publications where the first print is still to take place. Such expenditure will be written off at the first print-run.

k) Cash and cash equivalents

Cash flows comprise increases or decreases in cash. Cash includes cash in hand and deposits but excludes cash held as part of the investment portfolio.

l) Taxation

We are an exempt charity within the meaning of the Charities Act 2011 and, as such, are a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. Accordingly, we are potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. We receive no similar exemption in respect of value added tax.

The subsidiary trading companies operate as commercial organisations and are subject to corporation tax. The profits of these companies are gift aided to us and tax is provided for to the extent that trading profits exceed the amounts formally committed to in the year.

m) Reserves

General funds are unrestricted funds that are available for use at the discretion of the trustees in furtherance of our general objectives and which have not been designated for a specific purpose.

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

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

Consolidated and institute statement of comprehensive income and expenditure
for the year ended 31 July 2017

	Notes	**Year ended 31 July 2017** Consolidated £000s	**Year ended 31 July 2017** Institute £000s	Year ended 31 July 2016 Consolidated £000s	Year ended 31 July 2016 Institute £000s
Income					
Tuition fees and education contracts	1	**11,311**	**11,311**	11,195	11,195
Other income	2	**2,590**	**2,436**	2,598	2,505
Investment income	3	**169**	**230**	201	257
Donations		**3**	**3**	2	2
Total income		**14,073**	**13,980**	13,996	13,959
Expenditure					
Staff costs	4	**7,208**	**7,208**	6,614	6,614
Other operating expenditure	5	**8,513**	**8,420**	9,186	9,149
Depreciation	6	**234**	**234**	272	272
Total expenditure		**15,955**	**15,862**	16,072	16,035
(Deficit) before other gains losses and share of operating (deficit)/surplus of joint ventures and associates		**(1,882)**	**(1,882)**	(2,076)	(2,076)
Gains on investment assets	7	**557**	**557**	473	473
(Deficit) for the financial year		**(1,325)**	**(1,325)**	(1,603)	(1,603)
Total comprehensive income for the year		**(1,325)**	**(1,325)**	(1,603)	(1,603)
Represented by:					
Restricted comprehensive income for the year		**(138)**	**(138)**	(129)	(129)
Unrestricted comprehensive income for the year		**(1,187)**	**(1,187)**	(1,474)	(1,474)
		(1,325)	**(1,325)**	(1,603)	(1,603)

All items of income and expenditure relate to continuing activities.

The notes on pages 26 to 35 form part of these financial statements.

Consolidated and institute statement of changes in reserves
for the year ended 31 July 2017

Consolidated	Restricted	Unrestricted	Total
Balance at 1 August 2015	1,440	8,421	**9,861**
Surplus/(deficit) from the income and expenditure account	(129)	(1,474)	**(1,603)**
	(129)	(1,474)	**(1,603)**
Balance at 1 August 2016	1,311	6,947	**8,258**
Surplus/(deficit) from the income and expenditure account	(138)	(1,187)	**(1,325)**
Total comprehensive income for the year	(138)	(1,187)	**(1,325)**
Balance at 31 July 2017	1,173	5,760	**6,933**

Institute	Restricted	Unrestricted	Total
Balance at 1 August 2015	1,440	8,421	**9,861**
Surplus/(deficit) from the income and expenditure account	(129)	(1,474)	**(1,603)**
	(129)	(1,474)	**(1,603)**
Balance at 1 August 2016	1,311	6,947	**8,258**
Surplus/(deficit) from the income and expenditure account	(138)	(1,187)	**(1,325)**
Total comprehensive income for the year	(138)	(1,187)	**(1,325)**
Balance at 31 July 2017	1,173	5,760	**6,933**

The notes on pages 26 to 35 form part of these financial statements.

Consolidated and institute balance sheets
as at 31 July 2017

	Notes	**As at 31 July 2017** Consolidated £000s	Institute £000s	As at 31 July 2016 Consolidated £000s	Institute £000s
Non-current assets					
Fixed assets	6	**2,157**	**2,157**	2,303	2,303
Investments	7	**4,795**	**4,795**	5,395	5,395
		6,952	**6,952**	7,698	7,698
Current assets					
Stock and work in progress	8	**53**	**53**	50	50
Trade and other receivables	9	**2,079**	**2,006**	2,066	1,999
Cash at bank and in hand		**3,263**	**3,246**	3,704	3,686
		5,395	**5,305**	5,820	5,735
Creditors: amounts falling due within one year	10	**(5,337)**	**(5,247)**	(5,153)	(5,068)
Net current assets		**58**	**58**	667	667
Total assets less current liabilities		**7,010**	**7,010**	8,365	8,365
Provisions					
Pension provisions	18	**-**	**-**	-	-
Other provisions	11	**(77)**	**(77)**	(107)	(107)
Total net assets		**6,933**	**6,933**	8,258	8,258
Restricted funds					
Income and expenditure reserve - restricted	13	**1,173**	**1,173**	1,311	1,311
Unrestricted reserves					
Income and expenditure reserve - unrestricted		**5,760**	**5,760**	6,947	6,947
Pension reserve	18	**-**	**-**	-	-
		5,760	**5,760**	6,947	6,947
Total Reserves		**6,933**	**6,933**	8,258	8,258

The financial statements were approved by the board on 22 November 2017 and signed on its behalf on that date by:

The notes on pages 26 to 35 form part of these financial statements.

Steven Haberman
Chair

Alex Fraser

Consolidated statement of cash flows
for the year ended 31 July 2017

	Notes	2017 £000s	2016 £000s
Cash flow from operating activities			
(Deficit) for the year		**(1,325)**	(1,603)
Adjustment for non-cash items			
Gains on investments and property	7	**(557)**	(473)
Investment income	3	**(169)**	(201)
Depreciation, profit on sale and amortisation	6	**234**	272
(Increase)/decrease in stocks		**(3)**	41
Net (increase)/decrease in debtors		**(13)**	(232)
Net increase in creditors and provisions		**154**	1,064
Net outflow from operating activities		**(1,679)**	(1,132)
Cash flows from investing activities			
Investment income	3	**169**	201
Payments to acquire tangible fixed assets	6	**(88)**	(107)
Payments to acquire investments	7	**(1,417)**	(3,364)
Receipts from sales of investments	7	**2,648**	5,315
		1,312	2,045
(Decrease)/increase in cash and cash equivalents in the year	14	**(367)**	913
Cash and cash equivalents at the beginning of the year	14	**3,745**	2,832
Cash and cash equivalents at the end of the year		**3,378**	3,745

The notes on pages 26 to 35 form part of these financial statements.

1. Tuition fees and education contracts	2017 Consolidated £000s	2017 Institute £000s	2016 Consolidated £000s	2016 Institute £000s
Higher Education students				
Full-time Home/EU students	**644**	**644**	824	824
Full-time International	**-**	**-**	6	6
Part-time	**412**	**412**	837	837
Financial capability qualifications	**1,971**	**1,971**	1,506	1,506
Corporate and professional qualifications	**8,284**	**8,284**	8,022	8,022
	11,311	**11,311**	11,195	11,195

2. Other income	2017 Consolidated £000s	2017 Institute £000s	2016 Consolidated £000s	2016 Institute £000s
Professional and alumni services	**1,933**	**1,846**	2,016	1,899
ProShare	**476**	**10**	426	-
Rent receivable	**181**	**-**	156	-
Management charges	**-**	**580**	-	606
	2,590	**2,436**	2,598	2,505

3. Investment income	2017 Consolidated £000s	2017 Institute £000s	2016 Consolidated £000s	2016 Institute £000s
UK equities	**81**	**81**	111	111
Overseas equities	**22**	**22**	36	36
Fixed interest	**27**	**27**	31	31
Alternatives	**33**	**33**	16	16
Deposits	**6**	**6**	7	7
Gift aid	**-**	**61**	-	56
	169	**230**	201	257

4. Staff costs	**2017**	2016
Group and Institute	**£000s**	£000s
Wages, salaries and fees	**6,208**	5,699
Social security costs	**633**	568
Pension cost	**367**	347
	7,208	6,614
Remuneration of the Chief Executive		
Emoluments	**195**	186
Pension costs	**7**	15
Average monthly number of employees calculated on the basis of full time equivalents was:	**Number**	Number
Academic departments and support services	**89**	83
Professional services	**29**	27
Premises	**8**	6
Central services	**41**	42
	167	158
The remuneration of higher paid staff, excluding pension contributions in excess of £100,000 was:		
£100,000 - £109,999	**3**	-
£110,000 - £119,999	**-**	2
£120,000 - £129,999	**1**	-
£180,000 - £189,999	**-**	1
£190,000 - £199,999	**1**	-

Key management personnel listed on page 12 are those persons having authority and responsibility for planning, directing and controlling the activities of the organisation. This includes the Chief Executive and members of the Leadership Group. The total employment benefits of the key management personnel were £1,714,167 (2016 £1,381,079). No Board member has received any remuneration/waived payments from the group during the year in respect of their services to the Board.

5. Other operating expenditure	**2017**	**2017**	2016	2016
	Consolidated	**Institute**	Consolidated	Institute
Other operating expenses included:	**£000s**	**£000s**	£000s	£000s
Academic departments and support services	**3,755**	**3,662**	4,041	4,004
Professional services	**689**	**689**	665	665
Premises	**1,536**	**1,536**	1,594	1,594
Central services	**2,182**	**2,182**	2,498	2,498
Restricted funds	**291**	**291**	338	338
Auditor's remuneration				
External auditor's remuneration in respect of audit services	**40**	**40**	35	35
External auditor's remuneration in respect of non-audit services	**20**	**20**	15	15
	8,513	**8,420**	9,186	9,149

6. Fixed assets

Group and Institute

	Freehold property £000s	Leasehold improvements £000s	Computer installation, furniture and equipment £000s	Total £000s
Cost				
At 1 August 2016	1,664	1,510	1,550	4,724
Additions	-	24	64	88
Disposals	-	-	-	-
At 31 July 2017	1,664	1,534	1,614	4,812
Depreciation				
At 1 August 2016	44	888	1,489	2,421
Charge for the period	26	153	55	234
Disposals	-	-	-	-
At 31 July 2017	70	1,041	1,544	2,655
Net book value				
At 31 July 2017	1,594	493	70	2,157
At 31 July 2016	1,620	622	61	2,303

Cost of freehold property and net book valued prior to revaluation £833,243.

A valuation, based on existing use value, was carried out by a qualified chartered surveyor, Strutt and Parker, as at 31 July 2016, showing the value at £1.6m. The value of land included within freehold property is £350,000. As this is not significantly different from the net book value there is no indication of impairment of the asset.

7. Non-current investments	General £000s	Restricted £000s	**2017 Total £000s**	2016 Total £000s
Investments at cost				
Managed funds				
UK equities	1,123	308	**1,431**	1,988
Overseas equities	795	216	**1,011**	1,379
UK fixed interest	498	136	**634**	717
Alternatives	821	219	**1,040**	963
Cash	88	27	**115**	41
	3,325	906	**4,231**	5,088
Investments at market value				
Managed funds				
UK equities	1,221	335	**1,556**	2,005
Overseas equities	1,093	298	**1,391**	1,617
UK fixed interest	500	137	**637**	737
Alternatives	865	231	**1,096**	995
	3,679	1,001	**4,680**	5,354
Cash	88	27	**115**	41
	3,767	1,028	**4,795**	5,395
The movement of investments is represented by:				
Carrying value (market value) at the beginning of the year	4,218	1,136	**5,354**	6,832
Payments to acquire investments	1,110	307	**1,417**	3,364
Receipts from sales of investments	(2,090)	(558)	**(2,648)**	(5,315)
Investment gains	441	116	**557**	473
Carrying value (market value) at the end of the year	3,679	1,001	**4,680**	5,354

Funds were managed during the year by Rathbones. Fees are charged separately to The London Institute of Banking & Finance and deducted from the investment portfolio.

The Charity controls the following subsidiary undertakings, all incorporated in England and Wales, in which its investment amounts to £5 (2016 £5).

	Holding	**Nature of Business**
LIBF Learning Limited (formerly ***ifs*** Learning Ltd)	100% £1 Ordinary shares	Events, sponsorship
Institute of Financial Services Limited	100% £1 Ordinary shares	Dormant
ifs ProShare Limited	100% £1 Ordinary shares	Employee share ownership

The results of the limited companies, which are incorporated into the statement of income and expenditure and balance sheet are:	LIBF Learning Limited **2017 £000s**	LIBF Learning Limited 2016 £000s	***ifs*** ProShare Limited **2017 £000s**	***ifs*** ProShare Limited 2016 £000s
Income	**269**	272	**466**	426
Expenditure	**(212)**	(222)	**(462)**	(420)
Surplus for the year	**57**	50	**4**	6
Current assets	**28**	56	**304**	322
Creditors	**(28)**	(16)	**(304)**	(318)
Total net assets	**-**	40	**-**	4

8. Stock and work in progress	**2017**	2016
Group and Institute	**£000s**	£000s
Publications and sundry stock	**53**	50
	53	50

9. Trade and other receivables	**2017 Consolidated £000s**	**2017 Institute £000s**	2016 Consolidated £000s	2016 Institute £000s
Due within one year				
Members and trade debtors	**1,554**	**1,534**	1,377	1,354
Amount due from staff pension fund	**85**	**85**	86	86
Other debtors	**29**	**29**	25	25
Prepayments	**411**	**358**	578	534
	2,079	**2,006**	2,066	1,999

10. Creditors: amounts falling due within one year	**2017 Consolidated £000s**	**2017 Institute £000s**	2016 Consolidated £000s	2016 Institute £000s
Trade creditors	**675**	**675**	853	835
Amounts owed to subsidiary company	**-**	**224**	-	236
Other creditors and accruals	**1,835**	**1,829**	1,752	1,750
Taxation and social security	**228**	**228**	203	203
Deferred income (note 12)	**2,599**	**2,291**	2,345	2,044
	5,337	**5,247**	5,153	5,068

11. Provision for liabilities	Post-Retirement Healthcare
Group and Institute	£000s
Balance at 1 August 2016	**107**
Amounts released during the year	**(5)**
Discount charges for the year	**6**
Charged to income and expenditure account	**(31)**
Balance at 31 July 2017	**77**

Post-retirement healthcare

The London Institute of Banking & Finance continues to provide post-retirement healthcare benefits to certain retired employees and their spouses, a benefit that ceased to be offered to existing staff some years ago. A provision is made in line with FRS 102 using a discount rate of 5.0% (2016 5.0%) and a rate of increase in medical costs of 7% (2016 10%).

12. Deferred income

	Balance at 1 Aug 16 £000s	Released £000s	Income £000s	Balance at 31 Jul 17 £000s
Subscriptions	516	(516)	467	467
Qualifications	1,413	(1,413)	1,719	1,719
Life subscriptions	115	(10)	-	105
Institute	2,044	(1,939)	2,186	2,291
Membership and support	301	(301)	308	308
Group	**2,345**	**(2,240)**	**2,494**	**2,599**

13. Restricted funds

The income funds of the Charity include restricted funds comprising the following unexpended balances of donations held on trust to be applied for specific purposes.

	Alumni and Scholarship fund £000s	Bursary fund £000s	Grunfeld fund £000s	Strudwick Prize fund £000s	**2017 Total £000s**	2016 Total £000s
Income	**2**	**7**	**28**	**-**	**37**	39
Expenditure	**(3)**	**(26)**	**(262)**	**-**	**(291)**	(263)
	(1)	**(19)**	**(234)**	**-**	**(254)**	(224)
Increase in market value of investments	**-**	**23**	**93**	**-**	**116**	95
	(1)	**4**	**(141)**	**-**	**(138)**	(129)
Fund balances brought forward at 1 August 2016	**124**	**250**	**933**	**4**	**1,311**	1,440
Fund balances carried forward at 31 July 2017	**123**	**254**	**792**	**4**	**1,173**	1,311
Represented by:						
Investments	**-**	**239**	**788**	**-**	**1,027**	1,169
Net current assets	**123**	**15**	**4**	**4**	**146**	142
	123	**254**	**792**	**4**	**1,173**	1,311

The Alumni and Scholarship fund gives past students the opportunity to participate in this vision and support diverse future generations of financial services professionals. The primary purpose of the fund is to provide support for students undertaking The London Institute of Banking & Finance's full-time undergraduate degree programmes. The Bursary fund provides means-tested assistance to both full and part-time students.

The Grunfeld fund was received by The London Institute of Banking & Finance from the Henry Grunfeld Foundation in March 1999 on the undertaking that it would fulfil the foundation's existing obligations and hold the balance of the fund for the purposes of the education of persons working in banking and financial services in London.

The Strudwick Prize fund was received as bequest under the will of Mr HEH Strudwick, FCIB on the undertaking that the £30,000 be used to support a prize in his name.

14. Reconciliation of cash flow to balance sheet

	Balance at 1 Aug 16 £000s	Cash flows £000s	**Balance at 31 Jul 17 £000s**
Cash at bank and in hand	3,704	(441)	**3,263**
Cash held with investments	41	74	**115**
	3,745	(367)	**3,378**

15. Lease obligations

Total rentals payable under operating leases

	2017		2016	
	Land & Buildings £000s	**Other £000s**	Land & Buildings £000s	Other £000s
Future minimum lease payments due				
Not later than 1 year	**839**	**38**	867	54
Later than 1 year and not later than 5 years	**4,137**	**31**	3,415	51
Later than 5 years	**853**	**-**	1,707	-
Total lease payments due	**5,829**	**69**	5,989	105

16. Related party transactions

The London Institute of Banking & Finance has taken advantage of the exemption available under FRS102 Related Party Transactions not to disclose transactions included within the group.

17. Contingent liabilities

There are no contingent liabilities as at 31 July 2017 (2016 nil).

18. Pension scheme

The London Institute of Banking & Finance operates two schemes, a defined contribution scheme that is available to new employees and a defined benefit scheme that closed to future accrual on 31 March 2009. Contributions to the defined benefit scheme for the year ending 31 July 2017 are expected to be £nil.

A full actuarial valuation was completed as at 31 December 2016 and the results from this valuation have been updated to 31 July 2017 by a qualified independent actuary as follows:

		2017	2016
Discount rate		**2.5%**	2.5%
Pension increases pre 2006 excess over GMP		**2.3%**	2.0%
Pension increases post 2006 pension		**2.3%**	2.0%
Price inflation (CPI)		**1.8%**	2.0%
Assumed life expectancies on retirement at age 60 are:			
Retiring today	Males	**28.2**	27.5
	Females	**29.4**	29.3
Retiring in 20 years' time	Males	**30.0**	29.2
	Females	**31.3**	30.9

The assets in the scheme were:	**Value at 31 Jul 17 £000s**	Value at 31 Jul 16 £000s	Value at 31 Jul 15 £000s
Investment fund	**24,154**	22,001	21,186
Matching fund	**19,600**	20,694	17,411
Fair value of scheme assets	**43,754**	42,695	38,597
The actual return on assets over the period was:	**2,267**	5,179	4,226

	2017 £000s	2016 £000s
Present value of funded obligations	**(42,225)**	(41,024)
Fair value of scheme assets	**43,754**	42,695
Surplus in funded scheme	**1,529**	1,671
Irrecoverable surplus	**(1,529)**	(1,671)
Net liability in balance sheet	-	-

	2017 £000s	2016 £000s
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Benefit obligation at the beginning of the year	**41,024**	35,748
Interest cost	**1,011**	1,303
Actuarial gain	**1,398**	5,054
Benefits paid	**(1,208)**	(1,081)
Liabilities at the end of year	**42,225**	41,024

	2017 £000s	2016 £000s
Analysis of movement in the present value of scheme assets		
Fair value of scheme assets at beginning of year	**42,695**	38,597
Expected return on scheme assets	**1,052**	1,408
Actuarial gain	**1,215**	3,771
Benefits paid	**(1,208)**	(1,081)
Fair value of scheme assets at end of year	**43,754**	42,695
Analysis of amount recognised in the comprehensive income and expenditure account		
Service cost - including current service cost, past service cost and settlements	**-**	-
Service cost - administrative cost	**-**	-
Net interest on the net defined benefit liability	**-**	-
Total expense	**-**	-
Remeasurement of the net defined benefit liability/(asset) to be shown in other comprehensive income		
Actuarial gains/(losses) on the liabilities	**1,398**	5,054
Return on assets, excluding interest income	**(1,215)**	(3,771)
Change in the amount of surplus that is not recoverable, excluding interest income	**(183)**	(1,283)
The measurement of the net defined benefit liability/(asset) to be shown in other comprehensive income	**-**	-

19. Accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Defined benefit scheme – management's estimate of the scheme is based on a number of critical underlying assumptions such as rates of inflation, mortality and the investment returns of the scheme. The assumptions are reviewed annually with a qualified actuary. Variation in these assumptions may significantly impact the net valuation which is currently showing surplus of £1.529m.

Useful lives of depreciable assets – management reviews its estimate of the useful lives of depreciable assets at each reporting date. Uncertainties in these estimates relate to changes in the useful lives of certain software and IT hardware as well as the useful life and value of the building the Institute own. The value of the building is deemed cost as at 1 August 2015.

Post-retirement healthcare – management's estimate of the liability is based on assumptions about the discount rate, the rate of inflation as well as mortality. The assumptions are reviewed annually based on the prevailing marketing conditions with the current obligation valued at £77,000.

Annual Report & Accounts
2016 – 2017

The London Institute of Banking & Finance (formerly ***ifs*** *University College*)

We exist for a very simple reason – to advance banking and finance by providing outstanding education and thinking, tailored to the needs of business, individuals, and society.

Our focus is on lifelong learning; equipping individuals with the knowledge, skills and qualifications to achieve what they want throughout their career and life.

We provide a balance of experience, insight and thought leadership into today's financial world, delivered by industry leaders, thinkers and members of our community.

And because we've been at the heart of the sector since 1879, we create connections and build partnerships between people and business that make banking and finance more accessible and understood, and enhance social inclusion through better financial capability.

We are The London Institute of Banking & Finance, **lifelong partners for financial education.**