The London Institute of Banking & Finance

Annual Report & Accounts 2017 – 2018

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Contents

Welcome

Alex Fraser
Chief Executive

The last year has been a period of significant progress across the Institute.

Our main areas of activity have all contributed to a much improved financial performance in uncertain market conditions.

The three main areas of Corporate and Professional Qualifications (Trade, Advice and Banking) all saw increases in enrolment in 2017/18.

This year has seen a steep rise in the number of applications for places on our two Undergraduate programmes and the launch of our first Degree Apprenticeship with Barclays. We continue to invest in the quality of our University provision and were delighted to rank so highly in the National Student Survey for the second successive year.

We have witnessed further growth in the take up of our Financial Capability offerings within schools and colleges. Over 50,000 students in over 800 institutions have sat one of our qualifications this year and thus gained the knowledge they will need to navigate the increasingly complex world of banking and finance.

Our international work has focussed on new main areas. Firstly, on developing programmes for banking clients in the UAE, through our new partnership with Abu Dhabi Global Markets Academy. This Academy has been set up with the objective of becoming a leading provider of financial research, training, education and literacy in the region. Our other international work focusses on projects to build capacity and capability in developing economies.

As Financial Services continue to evolve at a rapid pace, the mission of the Institute remains, as it has been for 140 years, to support growth and development. In the years to come we will do this by equipping those who aspire to work in the industry and those already working within it, with the necessary skills and knowledge to succeed in a world which will become increasingly driven by, and reliant on, technology.

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

We have a rich heritage of providing education in banking and finance that stretches back over 135 years. Founded in 1879 as the Institute of Bankers, we have evolved in line with the financial services and banking industries. We gained our Royal Charter in 1987 and in 1996 developed the first professional award linked to a university degree. We gained Taught Degree Awarding Powers (TDAP) in 2010 and were granted University College title in 2013.

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.

The organisation's strategic plan, LIBF 2023, outlines the key themes we aim to achieve.

- We will deliver highly regarded and distinctive degrees, professional qualifications and other educational programmes
- We will support the career aspirations of those who work or seek to work in the financial services industry and equip them with the skills needed to succeed in the digital economy
- We will enhance financial skills and capability and broaden our outreach to improve financial inclusion
- We will produce thought leadership that informs and inspires our community and the wider industry
- We will increase our international footprint across all our activities.

We focus on lifelong learning; equipping you with the knowledge, skills and qualifications to achieve what you want throughout your career and life.

Financial Capability & Community Outreach

We are the only specialist provider of dedicated personal finance qualifications for children and young people and play a leading role in the development of financial understanding in the wider community. We have over 50,000 students studying our qualifications in over 800 institutions.

over **50,000**
Young people taking our financial capability qualifications a year

100%
of full-time students in employment or further study within 6 months of graduating*

*who participated in the DLHE 2016/17 survey

Degree Programmes

Our undergraduate and postgraduate degrees provide the knowledge and skills you need for a successful career in banking and finance. We place employability at the heart of everything we do, ensuring you graduate with the insight and understanding to perform effectively.

Delivery of the strategy is through three core areas

Financial Capability & Community Outreach

We help schools instil the knowledge and confidence their pupils need to make good financial decisions, as well as inspiring the next generation of finance and banking professionals. Our learning programmes, qualifications and wider community-based initiatives focus on the everyday financial skills needed and essential skills employers say are missing. And through financial champions in schools, membership and higher education qualifications, we make the banking and finance sector more accessible.

Degree Programmes

Delivered by respected academics, practitioners and industry thinkers, we provide the skills and knowledge that the sector expects from you early in your career. Our learning is based on contemporary real life, using a combination of practice and theory which means you graduate better prepared to advance in the industry. All of our graduates are eligible to apply for Chartered status, a mark of professional standing in the sector.

Corporate & Professional Qualifications

Developed by respected industry practitioners, our qualifications follow the FCA guidelines to ensure you have a thorough understanding of their regulations. This gives you the insights required to perform effectively and responsibly and, where required, the authorisation to practise in diverging roles.

Corporate & Professional Qualifications

Enabling you to advance your career and help organisations to deliver great performance. We provide clear pathways to match competency with career development in banking and finance. In regulated advice, there is a range of specialist certificates and diplomas for those working in Mortgages, Financial Advice, Pensions and Trade Finance. We ensure that professional recognition can be attained by everyone at all levels, from the award of a certificate through to the grant of our highly regarded Chartered Associateship status.

A global community of students and alumni in over

120 countries

139 years

Providing industry leading education and thought leadership

Community

We are a focal point for the sector. We have an active global community of like-minded individuals and professionals so you can continue your development and grow your networks. We share insight and generate thought leadership through events, training programmes and publications.

Corporate & Professional Qualifications

Brian Wilkinson
Managing Director, Corporate & Professional Qualifications

Key Strategic Priorities

The banking sector is being fundamentally changed by the Open Banking Directive, which seeks to promote competition and improve quality of service to consumers. Through unprecedented access to data and digital marketplaces, the traditional relationship between banks and their customers is being disrupted by low cost digital challengers.

- The skills the bank of the future will need are changing and rising in standard - our challenge is to respond to rapid change and to lead the way in delivering and assessing those skills
- We must develop cost-effective qualifications designed for 21st century banking, delivered through learning methods that our students like
- We must meet demands for competencies in highly skilled roles from demanding individuals, because AI and algorithms will displace the human employee into creative and high added-value roles. At the interface of people and machines, will be a mixed reality of virtual and physical retail environments that may be hyper-competitive, staffed by highly skilled service agents trained to support customers and meet their needs from anywhere at any time in a broad range of products and services
- Corporate & Professional Qualifications must engage closely with the key Apprenticeship stakeholders to ensure their needs, our qualifications and wider provision are closely aligned.

Against this background, we observe a firm commitment to the development of skills, capability and professionalism from all our clients in the banking and finance services sector. For many of our clients, future investment in learning and development may be influenced by access to funding from the Apprenticeship Levy. As employers begin to pay the levy, we expect to see more activity as banks and financial institutions seek to offset their levy expense by funding returned to their apprenticeship training schemes.

Measuring Success

Corporate & Professional Qualifications increased its revenues by 12% year on year. Mortgage Advice saw strong growth, despite a flat UK housing market, and Financial Advice continued to progress well as we focussed on brand building and marketing activity. Banking and Ethics qualifications also recovered due to the introduction of shorter, more focussed qualifications and the positive environment surrounding apprenticeships.

We partnered with Seven Investment Management to produce the 50+ Index – a survey of the financial health of the UK's baby boomer generation including all households with assets including housing wealth exceeding £50,000. We found that UK households are under-prepared and significantly under-advised with respect to retirement and later life planning. The extent of the advice gap is both a cause for concern and an opportunity – Financial Services striving to close the gap will look for competent and concerned Advisers.

The Financial Advice Gap of the 50+ Generation

Progress during the Year

Banking: We remain committed to facilitating access to rewarding careers in UK financial services, with qualifications that can be achieved at reasonable cost in practical time scales through digital distance learning. In addition to the launch of a re-focussed qualification in Risk, we began to update our content in our Certificate and Professional Diploma qualifications. Consequently, the new CPQ banking and ethics qualifications recorded double digit growth. However, the full portfolio of banking qualifications includes a part-time qualification scheme, which is in run-down. This means that after considering the negative impact of the students exiting the scheme, our banking qualifications portfolio increased reported revenues by a modest 5% year on year.

International: We have invested significantly, adding specialist resources in course design and delivery capability and generated significant revenues for the first time. We signed a strategic partnership to establish the Banking and Finance Academy for Abu Dhabi Global Market Academy. Our mission there is to support the education of young Emirati professionals seeking to develop careers in banking and financial services leading to senior management. This is an agenda being pursued by many Gulf Cooperation Council (GCC) states, as they seek to diversify, liberalise and balance their economies away from natural resource-based enterprises. With our partners Abu Dhabi Global Market, we will develop a regional centre of excellence to support the development of the banking profession and make a meaningful contribution to the delivery of economic and social policy goals. We have also offered support to develop and deliver banking qualifications to the Botswana Institute of Bankings.

During the year, we invested in our capacity to engage with and support aid organisations, supranational development agencies, and governments seeking to build financial capacity in emerging nations. We received the Ambassador of Uzbekistan at the Institute's London offices and signed Memoranda of Understanding to develop co-operation and to foster the development of banking in the region. We also delivered capacity building events, consultancy and training in financial services, regulation and banking in emerging economies such as Cuba and Tunisia.

Internationally, several new opportunities to extend provision of our financial advice qualifications to international markets in the Middle East and Asia were identified and continue to be developed.

Trade Finance: Our qualifications, which are endorsed by the International Chamber of Commerce (ICC), continue to be recognised as a global industry benchmark and are studied in more than 90 countries. The year's results were acceptable, but progress next year will depend on the take up of our new compliance and supply chain qualifications, which were introduced late last year. On a like for like basis, revenues and registrations declined slightly. This mirrors a continued global decline in the use of letters of credit in favour of new payment systems and the maturity of our markets. Our trade finance qualifications have traditionally focussed on middle office professionals, so the new compliance and supply chain qualifications represent a first step, encouraging students to broaden their competencies, fitting them for managerial and front office roles. We will continue to provide qualifications that support career progression from entry level back office posts to senior managerial roles.

Mortgage Advice: This reported unexpectedly strong growth despite a lacklustre UK housing market. New loan transactions declined 3.6% by volume and 1.7% by value year on year according to UK Finance June 2018 data. We remain cautious for 2018/19, despite an 8.4% increase year on year in re-mortgaging transactions, which we believe is a significant factor in demand for CeMAP® qualified advisers. As new entrants to financial services value CeMAP® as their first step to a career, so do our qualified CeMAP® members. The increasing complexity of the market has led many to upskill. This resulted in double digit growth for our advanced CeMAP® Diploma and Equity Release qualifications. The CeMAP® Revision Tool, which was launched in March 2017, also achieved strong revenue growth.

Financial Advice: Our operating environment was favourable since compliance, competency, and conduct risks were firmly front of mind for many of our stakeholders. The year commenced with our Certificate in Debt Collection voted the winner at the 'Turnaround, Restructuring and Insolvency Awards' for 'Education/Training Provider of the Year'. We hosted Lord David Willetts, Chair of the Resolution Foundation, who presented on intergenerations inequality and social care funding to members and students. Elsewhere, the Work and Pensions Committee of the House of Commons issued an excoriating report into the conduct of agents and advisors during the restructuring of British Steel. The FCA also relaxed its guidelines for lending to maturing interest rate only mortgagees, lending into retirement and lifetime mortgages.

In the UK

20%

of firms regulated by the FCA are active in auto finance

Although business started weakly in H1, we increased targeted marketing and promotional activity and H2 saw a strong recovery in our entire financial advice portfolio. By year-end, financial advice revenues were stable in year on year comparisons. Advisors continue to upskill and we saw solid demand for our Advanced Diploma and specialist licence to practise qualifications in Pension Transfers and Equity Release.

Programme Management and Development

We have focussed development resources on areas where regulatory attention might increase or where market and consumer attitudes are demanding, accessible, ethical and impartial advice. Consequently, we launched a new level 4 qualification in Later Life Planning and Care, which will meet the FCA's licence to practise standard. In addition, we invested to improve the learning experience of the Advanced Diploma in Financial Advice. In co-operation with the training school of a leading asset management firm, we updated the content and redesigned the learning methodologies to better meet the needs of professional training providers and to significantly reduce the demands of study for advisers combining work and learning.

In the United Kingdom, 20% of firms regulated by the FCA are active in auto finance. The FCA advocates that financial services firms should actively support and develop professionalism through high standards of competency and conduct. Accordingly, the UK Finance & Leasing Association partnered with The London Institute of Banking & Finance to modernise the training for sales people in UK dealerships and the qualification for finance specialists. We are now able to provide the industry with a structured learning path that will assure regulators and employers that their agenda for achieving higher levels of professionalism can be realised.

To ensure that CeMAP® remains the benchmark for competency and good advice, we introduced a voluntary Continuing Professional Development scheme, CeMAP Pro, which will enable consumers to verify the validity of the qualifications and experience of their adviser. We will continue to invest in support services and products for CeMAP®-qualified advisers.

Programme management also included the withdrawal of qualifications which could not be supported by stakeholders.

The London Institute of Banking & Finance continued to be approached by financial institutions and external training organisations to endorse or accredit training and qualifications. Our accreditation revenues consequently increased substantially during the year.

Regulatory Bodies and Stakeholder Engagement

The London Institute of Banking & Finance will pursue its public service obligations vigorously by supporting standard setting bodies, policymakers, regulators and by using its own forum, the Regulatory Education Advisory Panel, to promote professionalism and access to impartial high standard advice.

The London Institute of Banking & Finance participated in the steering committee of The UK Banking Standards Board and a series of industry discussion forums aimed at strengthening professionalism in UK banking. Following an extensive consultation with stakeholders, the Standards Board issued its 'Statement of Principles for Strengthening Professionalism – The role of the firm', which is a positive for education providers. The principles stressed that firms should ensure that every individual be motivated and equipped to act in the interests of customers, clients and wider society. Whilst calling for a culture of openness, honesty, challenge and support, the principles also emphasised that learning and development should meet and go beyond regulatory requirements. The Standards Board also called for collaboration between Firms to overcome common obstacles to raising standards and for efforts to understand the effectiveness of initiatives which strengthen professionalism. These are all activities that The London Institute of Banking & Finance continues to support.

The London Institute of Banking & Finance also met with the FCA Professional Bodies Group to review the regulation of CPD activity for licence to practise qualifications. Existing arrangements for the audit of CPD are strengthened by closer co-operation with respect to sharing information of misconduct findings and of declined applications for CPD accreditation.

Looking Ahead

With the exit of the UK to come in March 2019, considerable uncertainty lies ahead for the UK, which may impact the economy and delay both investment and long-term financial decisions. This may, in the short term, reduce recruitment and delay plans to invest in staff training across UK banking and financial services. To counter any such downturn, we have a diversified portfolio that serves a banking industry that is changing rapidly across the world. Banks and financial institutions are changing and this can provide opportunities for The London Institute of Banking & Finance to serve students, consumers and society.

To maintain our leading position in a competitive market, the programme of qualification development continues. Our focus is to reflect the significant change in banking brought about by digital market platforms, cloud technology and Open Banking directives. Our core Certificate and Professional Diplomas are being updated to enable young professionals to learn and apply the skills needed in data and risk analysis for banks operating in global digital marketplaces.

Going forward, it is likely that the strategic partnerships between banks and data aggregators, search, global market platforms and FinTech will lead to a period of hyper-competition in products and service concepts. Creative, adaptable and resilient human capital will become the differentiating factor in banks' commercial performance. Our qualification development work is focussed on those marketing, product and service design skills and the emotional intelligences required to create and manage digitally mediated relationships.

Key Risks

- Standing of The London Institute of Banking & Finance put at risk because of professional body activities
- Market segments are polarising, resulting in fewer professionals
- Irrelevant product due to rapid change in role and structure of banks
- Uncertainty is rising in our market; vertically integrated banking model may become obsolete

Degree Programmes

Hema Tank
Associate Dean,
Degree Programmes

Key Strategic Priorities

- Secure our position to be internationally recognised as market leading for Banking and Finance programmes by key stakeholders
- Provide outstanding teaching, innovative and inclusive education to prepare our students for a rapidly-changing world
- Recruit, develop and retain the best staff and provide them with a high-performing supportive environment and culture
- Be selective and strategic in choices, and align planning, evaluation and budgeting processes with strategic aspirations in the most efficient way

Measuring Success

Times Higher Awards: We were one of six universities to be short-listed in the 2018 Times Higher Education Leadership and Management Achievement Awards in the 'Workplace of the Year' category. The shortlisted universities were University of Chester, Lancaster University, Loughborough University, University of Kent and University of Sheffield. The award went to University of Kent but we were pleased to be shortlisted.

100%
of our students in employment within 6 months of graduation

National Student Survey (NSS): The London Institute of Banking & Finance was rated as joint fifth overall in the UK for student satisfaction, with 92% of its students reporting that they were satisfied with the quality of their course. These results come from the 2017 National Student Survey – the largest nationwide survey of student satisfaction, designed to assess student opinion on the quality of their courses. NSS results help institutions to improve the experiences of their students whilst also informing those about to enter higher education.

Destination of Leavers from Higher Education Survey: The 2016/17 Destination of Leavers from Higher Education Survey was published during the year. We achieved a 13% increase from the previous year, with 100% of our students in employment within six months of graduation. The data also showed these former students were now earning an average salary of just over £37,000.

Progress during the Year

Recruitment: We reported last year on the activities of the recruitment working group. This group includes staff from across the organisation focussed on higher education student recruitment and enrolment. This activity continued throughout 2017 and we've seen an increase in undergraduate applications for the second year in a row. Student applications in 2017 were up 120% on the year before and we're pleased to report that applications in 2018 have increased by almost 100% on the 2017 figure. Our MSc in Banking and Finance continues to attract attention and enquiries for this programme has seen a large increase on the previous year. We are hoping to offer a full time, face to face mode of delivery for this programme for the first time in 2018/19.

We recognise the importance of keeping our portfolio of products relevant to prospective students. To achieve this, we reviewed our programme offer and validated two new undergraduate programmes during the year. The new BSc in Banking and Finance began in September 2018, whilst the new BSc in Finance and Investment is being targeted specifically at the apprenticeship market.

Apprenticeships: Following our acceptance in March 2017 onto the Register of Apprenticeship Training Providers, we have been working closely with Barclays in the apprenticeship space. In the autumn of 2017, we launched a degree apprenticeship programme designed with them. We're pleased to report this programme will recruit a second cohort later this year.

Office for Students: The Office for Students (OfS) replaced HEFCE (the Higher Education Funding Council for England). All higher education providers were invited to reapply for public funding for student loans. We submitted our application in May 2018 and will hear the outcome by September this year. The submission required us to detail our plans, systems and processes in terms of management and governance, consumer protection and student access and participation. Each of these will be evaluated for appropriateness from a higher education perspective by the OfS.

Initiatives for Students: we recently introduced a series of events entitled 'REACH' (Routes to Enhancing Achievement). Our first event focussed generally on the importance of diversity for businesses and we had speakers from Deloitte, Investment20/20 and SEO London. We also heard from Sakhila Mirza who is a member of our Board of Governors. Overall, our first REACH event was considered a well-attended success. It was followed with a second event in July 2018 focussing on 'Empowering Women in Banking & Finance'. Key note speakers from Murano, Morgan Stanley and Goldman Sachs shared their stories with the audience.

Other new initiatives in 2017/18 were our Careers in FinTech and Careers in Investment Management conferences. We're committed to ensuring that our students have access to the latest thought leadership and development within banking and finance. Our first FinTech conference attracted speakers from Monzo, KPMG, Accenture and Starling Bank. Heartwood Investment Management, Murano, Investment20/20 and Redington attended our Investment Management Conference. Student feedback for both events has been extremely positive and we will be repeating the conferences during 2018/19.

Key Risks

- 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
- Loss of brand and profiling in the sector is a key risk, especially in relation to student experience, where a negative experience could have a significant impact on future recruitment

Financial Capability & Community Outreach

Alison Pask
Managing Director,
Financial Capability &
Community Outreach

Key Strategic Priorities

- Provide impactful financial education through highly regarded, market leading qualifications and study programmes in UK and international schools and colleges
- Expand our reach further than the traditional classroom environment, targeting the most vulnerable children and young people in society
- Increase the number of financial capability champions in schools, colleges at senior leader level and in outreach communities
- Continue to engage with parents, employers and wider financial services community
- Continue to collaborate with key stakeholders in the drive to improve financial capability levels across the UK
- Improve the 'flow through' of students to higher education and the world or work

Measuring Success

This academic year our qualifications and programmes have been delivered to 54,000 children and young people in 800 mainstream schools, colleges, pupil referral units (PRUs) and special educational (SEND) institutions. This has exceeded all expectations and the trend is set to continue.

Our qualifications and programmes have been delivered to over
50,000
children and young people

In addition to our UK success, our delivery in schools throughout China continues, with numbers rising according to plan.

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.

Progress during the Year

Our qualifications continue to feature in Department for Education (DfE) performance tables, to be fully funded and to 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 allows 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.

This year the LiFE programme was enhanced with the inclusion of a unit that develops skills for employment. This is proving very popular with schools and colleges who are now more focussed on ensuring students are able to make informed choices about post-18 options.

This year also saw the Moneywise 'Financial Education Secondary School Teacher of the Year' award presented to Ceri Diffley at Dane Court Grammar School in Kent. It was awarded for her enthusiasm and innovative teaching methods which 'got students excited about personal finance and money management'. The school delivers our range of qualifications.

Community Outreach

We have continued to expand our reach further than the traditional classroom environment, targeting the most vulnerable children and young people in the community. We have worked with national charities to support individuals at risk of financial exclusion to help them gain invaluable financial awareness and increase their digital, literacy and numeracy skills. Our work for this period has continued to focus on the homeless and children and young people with special educational needs (SEND).

Two years on from the launch of our LiFE programme we are delighted to see that we are gradually removing the barriers to accessible financial capability education. Many Special Schools, Pupil Referral Units (PRUs) and Hospital Schools are now offering the LiFE programme and benefitting from the SEND guide that supports it.

As members of NASEN (National Association of Special Educational Needs) we have attended and presented at various events and gained valuable feedback from SEND professionals around the country.

We have hosted visits to Peninsular House from Citizens Advice and The Salvation Army and organised a workshop with a group of school refusers being supported by Barnardo's 'Making the Most of your Money' project. Our relationship with The Salvation Army is progressing, and we are excited to be piloting the LiFE programme across a range of different services they offer.

The biggest challenge this year has been access to charities who are all experiencing funding cuts for many of their services. Getting access to those 'hardest to reach' in society to help reduce their financial vulnerability is our aim and our outreach team will continue to explore alternative avenues.

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 continue to chair 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

Despite the creation of the new Single Finance Body, the importance of financial capability will continue to be a key focus of the new organisation. We will continue to work with the new body as its agenda develops.

Student Investor Challenge

Four students from Tadcaster Grammar School beat more than 40,000 students across the UK to be crowned 2018 Student Investor Champions.

In a tense final against seven other teams, they outperformed the market in live trading simulations before delivering a compelling presentation that considered investment options to a panel of business experts.

The competition provides valuable experience to students and helps them to develop key skills such as team working, decision making, research and analysis, and resilience.

Looking Ahead

Throughout this year we have worked with the Department for Education developing the T Level for the Finance, Accounting and Legal route. Our work is focussed on the finance element of the route.

As the post-16 skills landscape changes and greater importance is placed on enhancing employability skills and boosting young people's resilience, T Levels will give students an important option for study. Whether today's students aspire to become employees or start their own businesses, we will continue to develop lifelong financial education that will support them in this endeavour.

Key Risks

- Government introduced changes or policies which affect the ability to deliver qualifications, for example exclusion from performance league tables
- Lack of appropriate stakeholder and policy engagement with key stakeholders and the financial community ceasing to engage in the financial education agenda
- 14 – 19 qualifications funding withdrawn for schools qualifications
- The proposed 'post-16 skills plan' for the introduction of T Levels

73.3% *increase in the take up of volunteering days compared to the 2016/17 period*

Sustainability

This year our focus has been on promoting sustainability amongst staff. To facilitate this, a group of Sustainability Champions was established and they have achieved the following over the period:

- Revised the sustainability policy.
- Sustainability Awareness Training was created and delivered to 48%* of staff. The training was 1.5 hours in duration and focussed on educating staff on what sustainability is, introducing the United Nations Developmental Goals, the purpose of the Champions and how individuals can support the cause at work and at home.
- 16%* of staff completed and 27%* attempted the sustainability challenge on KnowledgeBank.
- An intranet page was created to inform staff about various sustainability topics, facts and events. 45 posts were made and on average, each post was viewed by 71 staff members (35%*).
- The Sustainability Champions became a permanent addition to staff induction agenda to introduce new starters to sustainability as a topic and encourage engagement in our initiatives.
- To increase gender diversity, a proposal was written by one of the Champions which resulted in two scholarships for female students studying on our full time degree programmes being established.
- On request of the Champions the IT team introduced a default lock out time for computers company-wide to decrease energy usage on idle computers.
- There was 73.3% increase in the take up of volunteering days† compared to the 2016/17 period.

In addition to the above, we hosted a lecture by Bill Liao, a specialist in sustainable development and the environment. His presentation, entitled 'Technology: a game changer' was free to attend for staff, students and members and also open to our wider network for a small ticket charge.

*Based on 202 staff in September 2017 when the training took place.

†All staff are eligible to take one day off annually to volunteer at a registered charity of their choosing.

Financial Review – Results for the Year Ended 31 July 2018

Ian Parrett
Chief Operating Officer

Introduction

As an educational charity incorporated under Royal Charter, The London Institute of Banking & Finance uses all its income to advance banking and finance by providing outstanding education and thinking, tailored to the needs of individuals, business and society.

We receive a variety of tax exemptions on our educational activities and on our investment income and gains. We are also entitled to an 80% reduction in business rates on the property occupied for our 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. Employers fund many students and 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.

The London Institute of Banking & Finance is supported in its activities by its wholly owned subsidiary, LIBF Learning Limited, whose main activities encompass sponsorship and events. The business of ***ifs*** *Proshare* Limited was transferred to ICSA: the Governance Institute on 1 May 2018 for a total sum of £140,000.

The deficit of £455k, shown in the consolidated statement of comprehensive income on page 31, is broken down as follows:

	Income £000	Expenditure £000	Surplus £000
General fund	15,973	-15,850	123
Restricted funds	26	-295	-269
Strategic investment	140	-228	-88
Depreciation		-221	-221
	16,139	**-16,594**	**-455**

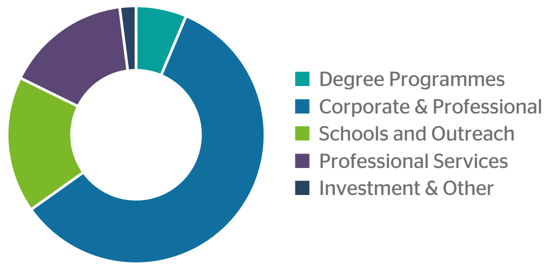
The general fund is the primary fund against which underlying financial performance is measured. We look to generate a surplus to produce sufficient cash to support strategic objectives and long-term sustainability, targeting an annual surplus as a percentage of revenue of between 5%–10%. Depreciation, investment performance and funds allocated to strategic projects are excluded from this calculation so we can focus on the ability to generate cash flow.

Restricted funds include the Alumni and Scholarship fund, which gives past students the opportunity to participate in this vision and support diverse future generations of financial services professionals; the Bursary fund, which provides means-tested assistance to both full and part-time students; and The Grunfeld fund, which supports the education of persons working in banking and financial services in London.

Strategic funds are those which have been designated by the board separately from the general fund for major projects.

Income

Total income for 2017/18 was £16.139m, an increase of 14.7% over the previous year's total of £14.0m, with the key revenue analysis as follows:



Revenue from full time degree programmes increased by 8% to £693k as the overall number of students increased following a much larger intake of new students in September 2017 compared to the previous year.

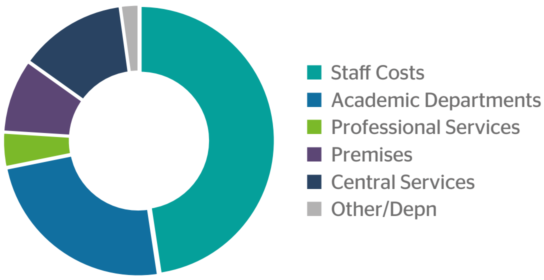
We continued to see demand for part-time undergraduate banking degrees reduce following the launch of the new Professional Qualifications Framework. However, revenue in this area was boosted by the launch of the first degree apprenticeship.

Corporate and Professional qualifications revenue grew by 15% to £9.49m, with demand for mortgage advice and trade finance qualifications increasing. The new professional qualifications framework resulted in a 35% increase in banking related qualifications, whilst financial adviser numbers remained flat.

For the second year running, there was a significant increase in registrations for Financial Capability qualifications with growth in revenue of over 40% and the number of schools delivering qualifications exceeding 700 for the first time.

Professional services revenue was largely unchanged at £1.93m

Total expenditure for 2017/18 was £16.59m, an increase of 4% over the previous year's total of £15.95m, with the key analysis as follows:



Staff costs increased by 6% to £7.9m. This represents 49% of income (2016/17 53%). Costs for academic departments increased by 7% to £4.0m, reflecting the increased volumes delivered during the year. Costs of professional services were similar to the previous year, whilst premises and central services both reduced slightly.

Investments

At 31 July 2018, we held fixed-asset investments with a market value of £4.576m (compared with £4.795m in 2017).

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.

Pensions

The London Institute of Banking & Finance operates two schemes, a defined contribution scheme that is available to all employees and a defined benefit scheme that closed to future accrual on 31 March 2009.

The most recent triennial valuation of the defined benefit scheme was 31 December 2016 and this showed a technical provisions surplus of £3.62m (109% funded). The surplus had increased to 113% at the 31 December 2017 review. The FRS102 surplus as at 31 July 2018 was £2.43m but is not included as an asset in the accounts as it is deemed to be non-recoverable. No contributions were made to the fund during the year or will be for the foreseeable future.

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 was based on achieving a break-even operating position, with the organisation moving towards its strategic target within two to three years.

The strategy also outlines provision for building reserves and cash so they fall within the boundaries of our reserves policy. 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.

Reserves for this purpose are defined as consolidated unrestricted income and expenditure reserves less tangible fixed assets. The overall value of those reserves increased by £106k to £3.709m as follows:

	2017/18 £000	2016/17 £000
General reserves brought forward	3,603	4,644
Surplus/(deficit) in general funds	123	-1,074
Strategic investments and capital	-147	-383
Investment gains	130	416
General reserves carried forward	**3,709**	**3,603**
Represented by: unrestricted income and expenditure reserve	5,732	5,760
Less: tangible fixed assets	-2,023	-2,157
	3,709	**3,603**

Reserves currently sit outside the target range following a significant period of strategic investment, but are scheduled to grow over the period of the next five year strategic plan and are currently ahead of the 2017/18 target of £3.43m.

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 work 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;
- students, members, subscribers and employees are afforded the opportunity to fulfil their potential;
- a supportive environment for staff, students and visitors is promoted.

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 that 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 the 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.

Board of Governors (Trustees)

The Trustees as at 31 July 2018 are as follows

Steven Haberman (Chair)
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 three 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 two 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 &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 five 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.

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

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 12 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 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.

Board members and external members of the committee are:

Alex Fraser (Chair)
Mathew Baker
Maria Carapeto
Warwick Funnell
Tony Gandy
Peter Hahn
John Hearn
Heather McLaughlin
Nick Moore
Keith Pond
James Stirling
Hema Tank
Damian Ward
Suellen White

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.

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

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.

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.

Steven Haberman (Chair)

James Devlin

Amanda Francis

Sakhila Mirza

Executive Committees

The Executive Committees comprise weekly meetings of business heads which focus on strategy creation, budgets and financial review; monthly meetings of the leadership group on how the strategy is being delivered; and quarterly meetings of the Operating Committee, which oversees the successful management of operational risk, regulatory compliance and project management for shared services.

Senior Staff

Alex Fraser, Chief Executive

Anna Boyce, HR Director

Maria Carapeto, Head of Faculty, Associate Professor

Peter Hahn, Dean, Henry Grunfeld Professor of Banking

Mark Heaton, Director, Business Development

Ian Parrett, Chief Operating Officer

Alison Pask, Managing Director, Financial Capability & Community Outreach

Chris Ray, Director of Innovation and Transformation

Angela Sutton, HR Director

Hema Tank, Associate Dean, Degree Programmes

Alastair Tyler, International Director

Suellen White, Associate Dean, Quality, Policy and Regulation

Brian Wilkinson, Managing Director, Corporate & Professional Qualifications

Risk Management

We acknowledge that it is not possible to eliminate all risks, nor do we seek to do so. Instead, we accept that it is through a managed approach to taking risks that an organisation can often best adapt to meet the changing needs of its stakeholders, an approach that is in line with one of the organisation's values. We seek, therefore, to provide assurance that we are effectively managing the risks identified in our operations, and that we are doing so in a manner proportionate to the nature of those risks.

We define risk as being the threat or possibility that an action or event will adversely or beneficially affect the organisation's ability to achieve its objectives.

Areas of major risk to the organisation's plan are identified and monitored through the strategic and operational risks registers. This includes the range of management activities for avoiding and mitigating risk. Risks are classified and monitored as follows:

Organisation Risk Management

Strategic Risks

Those mainly in the external market and environment over which we have little or no control: we may be able to mitigate the impact, but will not be able to control the probability of the risk occurring and the risk may have a fundamental impact on our future strategic direction

Operational Risks

The 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

Board of Governors

Ultimate responsibility for the system of risk management and control

Audit Committee

Monitoring and reviewing the effectiveness of the risk management and control arrangements

Leadership Group

Identification, assessment, management, monitoring and reporting of strategic risk

Operating Committee

Identification, assessment, management, monitoring and reporting of operational risk

For each risk identified, 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.

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

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
EC2A 1AG

Internal Auditor
KCG
Kingston University
Kenry House, Kingston Hill Campus
Kingston Hill
Kingston upon Thames
KT2 7LB

Investment Manager
Rathbones Investment Management Ltd
8 Finsbury Circus
London
EC2M 7AZ

The Report of the Board of Governors was approved by the Board of Governors on 21 November 2018 and signed for and on their behalf by

Steven Haberman
Chair

Disclosure of Information to Auditors

At the date of making this report, each of the Governors, as set out on page 21, 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 21 November 2018 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 Governors of The London Institute of Banking & Finance

Opinion

We have audited the financial statements of The London Institute of Banking & Finance (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2018, 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 2018 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 12 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 3 – 25 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 as set out on pages 19 and 20, 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

23 November 2018

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.

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 pound 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 2018/19 also indicating the achievement of an operating surplus. 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 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.

n) Discontinued operations

The London Institute of Banking & Finance recognises as discontinued the business of *ifs ProShare* Limited, which was disposed of on 30 April 2018 to ICSA: The Governance Institute. The business provided a voice for the Employee Share Ownership Industry through membership, training, research and events.

Consolidated statement of comprehensive income and expenditure

for the year ended 31 July 2018

		Year ended 31 July 2018			Year ended 31 July 2017		
		Continuing Operations	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
		£000s	**£000s**	**£000s**	£000s	£000s	£000s
Income							
Tuition fees and education contracts	1	**13,277**	**-**	**13,277**	11,311	-	11,311
Other income	2	**2,258**	**459**	**2,717**	2,124	466	2,590
Investment income	3	**131**	**-**	**131**	169	-	169
Donations		**14**	**-**	**14**	3	-	3
Total income		**15,680**	**459**	**16,139**	13,607	466	14,073
Expenditure							
Staff costs	4	**7,779**	**122**	**7,901**	7,268	156	7,424
Other operating expenditure	5	**8,156**	**316**	**8,472**	7,991	306	8,297
Depreciation	6	**221**	**-**	**221**	234	-	234
Total expenditure		**16,156**	**438**	**16,594**	15,493	462	15,955
(Deficit) before other gains losses and share of operating (deficit)/surplus of joint ventures and associates		**(476)**	**21**	**(455)**	(1,886)	4	(1,882)
Gains on investment assets	7	**192**	**-**	**192**	557	-	557
(Deficit) for the financial year		**(284)**	**21**	**(263)**	(1,329)	4	(1,325)
Total comprehensive income for the year		**(284)**	**21**	**(263)**	(1,329)	4	(1,325)
Represented by:							
Restricted comprehensive income for the year		**(222)**	**-**	**(235)**	(138)	-	(138)
Unrestricted comprehensive income for the year		**(62)**	**21**	**(28)**	(1,191)	4	(1,187)
		(284)	**21**	**(263)**	(1,329)	4	(1,325)

The notes on pages 36 to 45 form part of these financial statements.

Institute statement of comprehensive income and expenditure
for the year ended 31 July 2018

	Note	Year ended 31 July 2018 Continuing Operations £000s	Discontinued Operations £000s	Total £000s	Year ended 31 July 2017 Continuing Operations £000s	Discontinued Operations £000s	Total £000s
Income							
Tuition fees and education contracts	1	**13,277**	**-**	**13,277**	11,311	-	11,311
Other income	2	**2,135**	**384**	**2,519**	2,068	368	2,436
Investment income	3	**222**	**-**	**222**	230	-	230
Donations		**14**	**-**	**14**	3	-	3
Total income		**15,648**	**384**	**16,032**	13,612	368	13,980
Expenditure							
Staff costs	4	**7,779**	**122**	**7,901**	7,268	156	7,424
Other operating expenditure	5	**8,124**	**241**	**8,365**	7,996	208	8,204
Depreciation	6	**221**	**-**	**221**	234	-	234
Total expenditure		**16,124**	**363**	**16,487**	15,498	364	15,862
(Deficit) before other gains losses and share of operating (deficit)/surplus of joint ventures and associates		**(476)**	**21**	**(455)**	(1,886)	4	(1,882)
Gains on investment assets	7	**192**	**-**	**192**	557	-	557
(Deficit) for the financial year		**(284)**	**21**	**(263)**	(1,329)	4	(1,325)
Total comprehensive income for the year		**(284)**	**21**	**(263)**	(1,329)	4	(1,325)
Represented by:							
Restricted comprehensive income for the year		**(222)**	**-**	**(235)**	(138)	-	(138)
Unrestricted comprehensive income for the year		**(62)**	**-**	**(28)**	(1,191)	4	(1,187)
		(284)	**-**	**(263)**	(1,329)	4	(1,325)

The notes on pages 36 to 45 form part of these financial statements.

Consolidated and institute statement of changes in reserves

for the year ended 31 July 2018

Consolidated	Unrestricted	Restricted	Total
Balance at 1 August 2016	6,947	1,311	**8,258**
Surplus/(deficit) from the income and expenditure account	(1,187)	(138)	**(1,325)**
	(1,187)	(138)	**(1,325)**
Balance at 1 August 2017	5,760	1,173	**6,933**
Surplus/(deficit) from the income and expenditure account	(28)	(235)	**(263)**
Total comprehensive income for the year	(28)	(235)	**(263)**
Balance at 31 July 2018	5,732	938	**6,670**

Institute	Unrestricted	Restricted	Total
Balance at 1 August 2016	6,947	1,311	**8,258**
Surplus/(deficit) from the income and expenditure account	(1,187)	(138)	**(138)**
	(1,187)	(138)	**(138)**
Balance at 1 August 2017	5,760	1,173	**6,933**
Surplus/(deficit) from the income and expenditure account	(28)	(235)	**(263)**
Total comprehensive income for the year	(28)	(235)	**(263)**
Balance at 31 July 2018	5,732	938	**6,670**

The notes on pages 36 to 45 form part of these financial statements.

Consolidated and institute balance sheets
as at 31 July 2018

		As at 31 July 2018		As at 31 July 2017	
		Consolidated	**Institute**	Consolidated	Institute
	Notes	**£000s**	**£000s**	£000s	£000s
Non-current assets					
Fixed assets	6	**2,023**	**2,023**	2,157	2,157
Investments	7	**4,576**	**4,576**	4,795	4,795
		6,599	**6,599**	6,952	6,952
Current assets					
Stock and work in progress	8	**56**	**56**	53	53
Trade and other receivables	9	**2,185**	**2,206**	2,079	2,006
Cash at bank and in hand		**3,084**	**3,023**	3,263	3,246
		5,325	**5,285**	5,395	5,305
Creditors: amounts falling due within one year	10	**(5,175)**	**(5,135)**	(5,337)	(5,247)
Net current assets		**150**	**150**	58	58
Total assets less current liabilities		**6,749**	**6,749**	7,010	7,010
Provisions					
Pension provisions	18	**-**	**-**	-	-
Other provisions	11	**(79)**	**(79)**	(77)	(77)
Total net assets		**6,670**	**6,670**	6,933	6,933
Restricted funds					
Income and expenditure reserve - restricted	13	**938**	**938**	1,173	1,173
Unrestricted reserves					
Income and expenditure reserve - unrestricted		**5,732**	**5,732**	5,760	5,760
Pension reserve	18	**-**	**-**	-	-
		5,732	**5,732**	5,760	5,760
Total Reserves		**6,670**	**6,670**	6,933	6,933

The financial statements were approved by the board on 21 November 2018 and signed on its behalf on that date by:

Steven Haberman
Chair

Alex Fraser
Chief Executive

The notes on pages 36 to 45 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 July 2018

	Notes	2018 £000s	2017 £000s
Cash flow from operating activities			
(Deficit) for the year		**(263)**	(1,325)
Adjustment for non-cash items			
Gains on investments and property	7	**(192)**	(557)
Investment income	3	**(131)**	(169)
Depreciation, profit on sale and amortisation	6	**221**	234
(Increase) in stocks		**(3)**	(3)
Net (increase) in debtors		**(106)**	(13)
Net (decrease)/increase in creditors and provisions		**(160)**	154
Net outflow from operating activities		**(634)**	(1,679)
Cash flows from investing activities			
Investment income	3	**131**	169
Payments to acquire tangible fixed assets	6	**(87)**	(88)
Payments to acquire investments	7	**(1,045)**	(1,417)
Receipts from sales of investments	7	**1,475**	2,648
		474	1,312
(Decrease) in cash and cash equivalents in the year	14	**(160)**	(367)
Cash and cash equivalents at the beginning of the year	14	**3,378**	3,745
Cash and cash equivalents at the end of the year		**3,218**	3,378

The notes on pages 36 to 45 form part of these financial statements.

1. Tuition fees and education contracts	**2018 Consolidated £000s**	**2018 Institute £000s**	2017 Consolidated £000s	2017 Institute £000s
Higher Education students				
Full-time Home/EU students	**693**	**693**	644	644
Full-time International	**-**	**-**	-	-
Part-time	**334**	**334**	412	412
Financial capability qualifications	**2,762**	**2,762**	1,971	1,971
Corporate and professional qualifications	**9,488**	**9,488**	8,284	8,284
	13,277	**13,277**	11,311	11,311

2. Other income	**2018 Consolidated £000s**	**2018 Institute £000s**	2017 Consolidated £000s	2017 Institute £000s
Professional and alumni services	**1,935**	**1,795**	1,933	1,846
ProShare	**599**	**140**	476	10
Rent receivable	**183**	**-**	181	-
Management charges	**-**	**584**	-	580
	2,717	**2,519**	2,590	2,436

3. Investment income	**2018 Consolidated £000s**	**2018 Institute £000s**	2017 Consolidated £000s	2017 Institute £000s
UK equities	**60**	**60**	81	81
Overseas equities	**15**	**15**	22	22
Fixed interest	**17**	**17**	27	27
Alternatives	**30**	**30**	33	33
Deposits	**9**	**9**	6	6
Gift aid	**-**	**91**	-	61
	131	**222**	169	230

4. Staff costs

Group and Institute	**2018** £000s	2017 £000s
Wages, salaries and fees	**6,798**	6,388
Social security costs	**698**	647
Pension cost	**405**	389
	7,901	7,424

Remuneration of the Chief Executive		
Emoluments	**193**	195
Pension costs	**4**	7
Benefits - medical insurance	**2**	2

The Chief Executive's basic salary is 6.1 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by LIBF to its staff. The Chief Executive's salary is determined by the Remuneration and Nominations Committee with reference to key performance targets and external advice on sector pay.

Average monthly number of employees calculated on the basis of full time equivalents was:	**Number**	Number
Academic departments and support services	**95**	89
Professional services	**28**	29
Premises	**7**	8
Central services	**40**	41
	170	167

The remuneration of higher paid staff, excluding pension contributions in excess of £100,000 was:		
£100,000 - £104,999	**2**	2
£105,000 - £109,999	**1**	1
£125,000 - £129,999	**-**	1
£135,000 - £139,999	**1**	-
£150,000 - £154,999	**1**	1
£190,000 - £194,999	**1**	1

Key management personnel listed on page 23 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 £1,653,785 (2017 £1,714,167). Prior year has been restated to include an omission now included. 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

Other operating expenses included:	**2018 Consolidated £000s**	**2018 Institute £000s**	2017 Consolidated £000s	2017 Institute £000s
Academic departments and support services	**4,018**	**3,911**	3,755	3,662
Professional services	**692**	**692**	689	689
Premises	**1,472**	**1,472**	1,536	1,536
Central services	**2,148**	**2,148**	2,182	2,182
Restricted funds	**82**	**82**	75	75
Auditor's remuneration				
External auditor's remuneration in respect of audit services	**40**	**40**	40	40
External auditor's remuneration in respect of non-audit services	**20**	**20**	20	20
	8,472	**8,365**	8,297	8,204

6. Fixed assets

Group and Institute

	Freehold property £000s	Leasehold improvements £000s	Computer installation, furniture and equipment £000s	Total £000s
Cost				
At 1 August 2017	1,664	1,534	1,614	4,812
Additions	-	-	87	87
Disposals	-	-	-	-
At 31 July 2018	1,664	1,534	1,701	4,899
Depreciation				
At 1 August 2017	70	1,041	1,544	2,655
Charge for the period	26	153	42	221
Disposals	-	-	-	-
At 31 July 2018	96	1,194	1,586	2,876
Net book value				
At 31 July 2018	1,568	340	115	2,023
At 31 July 2017	1,594	493	70	2,157

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	**2018 Total £000s**	2017 Total £000s
Investments at cost				
Managed funds				
UK equities	1,198	180	**1,378**	1,431
Overseas equities	1,054	154	**1,208**	1,011
UK fixed interest	363	53	**416**	634
Alternatives	735	119	**854**	1,040
Cash	131	3	**134**	115
	3,481	509	**3,990**	4,231
Investments at market value				
Managed funds				
UK equities	1,297	193	**1,490**	1,556
Overseas equities	1,433	204	**1,637**	1,391
UK fixed interest	352	52	**404**	637
Alternatives	785	126	**911**	1,096
	3,867	575	**4,442**	4,680
Cash	131	3	**134**	115
	3,998	578	**4,576**	4,795
The movement of investments is represented by:				
Carrying value (market value) at the beginning of the year	3,679	1,001	**4,680**	5,354
Payments to acquire investments	864	181	**1,045**	1,417
Receipts from sales of investments	(834)	(641)	**(1,475)**	(2,648)
Investment gains	158	34	**192**	557
Carrying value (market value) at the end of the year	3,867	575	**4,442**	4,680

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 (2017 £5).

	Holding	**Nature of Business**
LIBF Learning Limited	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 (ceased trading 30 April

The results of the limited companies, which are incorporated into the statement of income and expenditure and balance sheet are:	LIBF Learning Limited **2018 £000s**	LIBF Learning Limited 2017 £000s	***ifs*** ProShare Limited **2018 £000s**	***ifs*** ProShare Limited 2017 £000s
Income	**323**	269	**459**	466
Expenditure	**(253)**	(212)	**(438)**	(462)
Surplus for the year	**70**	57	**21**	4
Current assets	**16**	28	**37**	304
Creditors	**(16)**	(28)	**(37)**	(304)
Total net assets	**-**	-	**-**	-

8. Stock and work in progress	**2018**	2017
Group and Institute	**£000s**	£000s
Publications and sundry stock	**56**	53
	56	53

9. Trade and other receivables	**2018 Consolidated £000s**	**2018 Institute £000s**	2017 Consolidated £000s	2017 Institute £000s
Due within one year				
Members and trade debtors	**1,598**	**1,567**	1,554	1,534
Amounts owed from subsidiary company	**-**	**52**	-	-
Amount due from staff pension fund	**1**	**1**	85	85
Other debtors	**27**	**27**	29	29
Prepayments	**559**	**559**	411	358
	2,185	**2,206**	2,079	2,006

10. Creditors: amounts falling due within one year	**2018 Consolidated £000s**	**2018 Institute £000s**	2017 Consolidated £000s	2017 Institute £000s
Trade creditors	**1,393**	**1,356**	675	675
Amounts owed to subsidiary company	**-**	**-**	-	224
Other creditors and accruals	**1,250**	**1,250**	1,835	1,829
Taxation and social security	**178**	**178**	228	228
Deferred income (note 12)	**2,354**	**2,351**	2,599	2,291
	5,175	**5,135**	5,337	5,247

11. Provision for liabilities	Post-Retirement Healthcare
Group and Institute	£000s
Balance at 1 August 2017	**77**
Amounts released during the year	**(5)**
Discount charges for the year	**4**
Charged to income and expenditure account	**3**
Balance at 31 July 2018	**79**

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% (2017 5.0%) and a rate of increase in medical costs of 7% (2017 7%).

12. Deferred income

	Balance at 1 Aug 17 £000s	Released £000s	Income £000s	Balance at 31 Jul 18 £000s
Subscriptions	467	(467)	416	416
Qualifications	1,719	(1,719)	1,840	1,840
Life subscriptions	105	(10)	-	95
Institute	2,291	(2,196)	2,256	2,351
Membership and support	308	(308)	3	3
Group	**2,599**	**(2,504)**	**2,259**	**2,354**

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	**2018 Total £000s**	2017 Total £000s
Income	**4**	**5**	**17**	**-**	**26**	37
Expenditure	**-**	**(30)**	**(265)**	**-**	**(295)**	(291)
	4	**(25)**	**(248)**	**-**	**(269)**	(254)
Increase in market value of investments	**-**	**8**	**26**	**-**	**34**	116
	4	**(17)**	**(222)**	**-**	**(235)**	(138)
Fund balances brought forward at 1	**123**	**254**	**792**	**4**	**1,173**	1,311
Fund balances carried forward at 31 July	**127**	**237**	**570**	**4**	**938**	1,173
Represented by:						
Investments	**-**	**251**	**327**	**-**	**578**	1,027
Net current assets	**127**	**(14)**	**243**	**4**	**360**	146
	127	**237**	**570**	**4**	**938**	1,173

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 17 £000s	Cash flows £000s	**Balance at 31 Jul 18 £000s**
Cash at bank and in hand	3,263	(179)	**3,084**
Cash held with investments	115	19	**134**
	3,378	(160)	**3,218**

15. Lease obligations

Total rentals payable under operating leases

	2018		2017	
	Land & Buildings £000s	**Other £000s**	Land & Buildings £000s	Other £000s
Future minimum lease payments due				
Not later than 1 year	**1,034**	**38**	839	38
Later than 1 year and not later than 5 years	**3,955**	**78**	4,137	31
Later than 5 years	**-**	**-**	853	-
Total lease payments due	**4,989**	**116**	5,829	69

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 2018 (2017 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 2018 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 2018 by a qualified independent actuary as follows:

		2018	2017
Discount rate		**2.6%**	2.5%
Pension increases pre 2006 excess over GMP		**2.3%**	2.3%
Pension increases post 2006 pension		**2.3%**	2.3%
Price inflation (CPI)		**1.8%**	1.8%
Assumed life expectancies on retirement at age 60 are:			
Retiring today	Males	**27.8**	28.2
	Females	**28.8**	29.4
Retiring in 20 years' time	Males	**29.3**	30.0
	Females	**30.4**	31.3

The assets in the scheme were:	**Value at 31 Jul 18 £000s**	Value at 31 Jul 17 £000s	Value at 31 Jul 16 £000s
Investment fund	**21,399**	24,154	22,001
Matching fund	**21,455**	19,600	20,694
Fair value of scheme assets	**42,854**	43,754	42,695
The actual return on assets over the period was:	**705**	2,267	5,179

	2018 £000s	2017 £000s
Present value of funded obligations	**(40,426)**	(42,225)
Fair value of scheme assets	**42,854**	43,754
Surplus in funded scheme	**2,428**	1,529
Irrecoverable surplus	**(2,428)**	(1,529)
Net liability in balance sheet	-	-

	2018 £000s	2017 £000s
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Benefit obligation at the beginning of the year	**42,225**	41,024
Interest cost	**1,036**	1,011
Actuarial gain	**(1,230)**	1,398
Benefits paid	**(1,605)**	(1,208)
Liabilities at the end of year	**40,426**	42,225
Analysis of movement in the present value of scheme assets		
Fair value of scheme assets at beginning of year	**43,754**	42,695
Expected return on scheme assets	**1,074**	1,052
Actuarial gain	**(369)**	1,215
Benefits paid	**(1,605)**	(1,208)
Fair value of scheme assets at end of year	**42,854**	43,754
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	**(1,230)**	1,398
Return on assets, excluding interest income	**369**	(1,215)
Change in the amount of surplus that is not recoverable, excluding interest income	**861**	(183)
The measurement of the net defined benefit liability/(asset) to be shown in other comprehensive	**-**	-

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 £2.428m.

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 £79,000.

20. Events after the reporting period

On 14 October 2018 we formed a new wholly owned subsidiary company, The London Institute of Banking & Finance (MENA) Ltd, registered in Abu Dhabi. This company will deliver the strategic partnership to establish the Banking and Finance Academy for Abu Dhabi Global Markets Academy.

On 30 October 2018, the High Court ruled that GMPs must be equalised between men and women and that past underpayments must be corrected. The impact of GMP Equalisation is typically to increase the liabilities somewhere in the region of 1-3% although it is very scheme specific and can be higher than this for certain schemes. The FRS102 liabilities as at 31 July 2018 were calculated to be £40.4m so the increase in liabilities from GMP Equalisation is likely to be in the order of £0.4m to £1.2m but we are unable to assess this with any more accuracy at this current time. Given the size of the surplus as at 31 July 2018 of £2.428M, we do not believe any adjustments for the GMP Equalisation would affect the Balance Sheet position.

The London Institute of Banking & Finance

Annual Report & Accounts 2017 – 2018

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.**