



# Annual Report and Accounts 2012/13

Founded over 130 years ago as the Institute of Bankers, *ifs University College* is a registered charity incorporated by Royal Charter. It is a leading provider of financial education to professionals the world over and to consumers in the UK, and has a mission to promote better understanding and confidence in finance for all people. Its provision includes formal qualifications from GCSE level through to Master's degree level and Continuing Professional Development (CPD) through executive education programmes and professional body membership.

# 2012-2013 Trustees' report

The *ifs* School of Finance continued to make strong progress throughout 2012–13 despite the prevailing economic and political challenges. The key achievement of the year was the news that the *ifs* had succeeded in its application to become a University College and so could apply to the Privy Council to change its name and status to *ifs* University College.

This milestone was another major step in the development of the *ifs* that started some 20 years ago when the organisation became the first professional body to convert a traditional professional qualification into a university degree. This was done in collaboration with the University of Manchester Institute of Science & Technology (UMIST), before it merged with the University of Manchester. With Manchester's support, the *ifs* then became the first professional body to achieve Taught Degree-Awarding Powers (TDAP) in 2010. Two decades later and the formal relationship with the University of Manchester has now ended.

The *ifs* owes a huge debt of gratitude to Professor Bob Boucher, the then Vice Chancellor, and Professor Bob Munn, Dean and subsequently a member of the *ifs* Board of Governors, both of whom bought into the *ifs*' vision of bringing together the three pillars of education – academic, vocational and professional. A huge thank you must also be extended to the many Manchester academics who supported the *ifs* during these pioneering years.

As the first professional body to achieve *University College* status, the *ifs* remains focused on its 134-year remit to provide high-quality professional and academic education for and about financial and finance-related services.

The *ifs* offers the only formal qualifications in financial capability at GCSE and AS/A level equivalent for students in the 14–19 age range, with the aim of raising financial awareness and competency from a relatively early age; more than 130,000 school students have completed these qualifications since their inception. Given the current issues and uncertainties within the schools sector, the *ifs* faces a number of challenges in this area; however, with the increasing personal debt that

the UK population faces, the organisation remains determined to pursue the case for financial education to be given a much higher national profile through standalone qualifications.

The Institute of Financial Services, a division of the *ifs*, successfully achieved 'Accredited Body' status from the Financial Services Authority (FSA)/Financial Conduct Authority (FCA) to operate as a provider of Statements of Professional Standing for retail investment advisers. Presaging the advent of the new FCA, the new Conduct of Business qualifications for retail practitioners were taken up by thousands of employees and their managers. The *ifs*' 14-year-old relationship with the Paris-based International Chambers of Commerce (ICC) was strengthened with the signing of a new contract not only for continued support for the *ifs*' worldwide benchmark qualification in documentary credits, but also for the development and provision of new specialist qualifications in trade finance and banking transaction business.

It is through the *ifs*' Professional Higher Education programmes that the organisation provides the important academic underpinning to all that it does in terms of standards and maintaining and enhancing high-quality education provision. Bringing the education activities of the Institute of Financial Services and of Financial Capability within the oversight of both the Academic Audit Committee and the department of Quality, Policy & Regulation has extended the rigours of higher education (HE) quality assurance across all of the organisation's educational activities.

This report demonstrates the wide range of activities dedicated to the provision of financial education. The *ifs* is investing in its future and therefore in the future of those wishing to work in financial or finance-related services. As a charity, it is also investing in the future financial competency of the nation through the provision of appropriate and practical qualifications, the success of which can be measured. The *ifs* is also investing in the diversity of its provision at all levels in recognition of the growing need for specialist learning and skills right across the financial and business world. As a *University*

*College*, the *ifs* is set fair to continue to make a major impact on financial education for the benefit of individuals and employers alike.

## Professional Higher Education

*ifs University College* maintained the development of part-time and full-time professional higher education provision at both undergraduate and postgraduate level in 2012/13 through a programme of academic enhancement and programme diversification. It continued also to consolidate recognition of its position as a leading provider within the HE sector through initiatives to enhance student support and achievement and its broad contribution to quality enhancement and development within the HE sector.

A further cohort of *ifs University College's* MSc in Banking Practice and Management began study, with a strong international representation of senior banking executives. The programme adopts a blended approach to enable strong interaction between students who study through workshops at the *University College's* City of London campus and by distance learning.

*ifs University College's* portfolio of full-time undergraduate programmes offered in 2012/13 expanded to three, with a strong increase on the previous year in the number of applications received for the newly launched BSc (Hons) Finance, Investment & Risk and the established BSc (Hons) Banking Practice & Management and BSc (Hons) Finance & Accounting for Financial Services programmes. An increased number of international student applications were received. Key issues driving this trend include the employability opportunities offered by *ifs University College* and the pathway presented for students already studying *ifs* A-level equivalent qualifications, the Certificate and the Diploma in Financial Studies. *ifs University College* expanded the number of scholarships offered to high-performing students of these qualifications, who represent over half of the full-time cohort.

*ifs University College* underwent a successful review by the UK Borders Agency of its Highly Trusted Status for the recruitment of international students.

The approach under which *ifs University College* and other non-publicly-funded providers will be subject to a Student Number Control (SNC) was presented for consultation. *ifs University College* was invited to contribute to workshops held by the Department for Business, Innovation & Skills (BIS) to develop these proposals, which will apply from September 2014.

*ifs University College* maintained its commitment to a dispersed campus strategy for delivery of *ifs University College* full-time programmes in Birmingham, Leeds and Manchester despite taking the decision in early 2013 not to establish a cohort for 2013/14 entry.

Whilst the number of corporate-funded students undertaking bespoke programmes (developed to blend internally delivered learning with *ifs University College* professional qualifications) expanded, overall there was a marginal fall in corporate registrations.

*ifs University College* retained its membership of the Office of the Independent Adjudicator for Higher Education. Few student complaints were received through the year, with none in the final quarterly reporting period. *ifs University College* continued to develop new programmes to expand its portfolio of professional qualifications offered in both part-time and full-time study mode. The BSc (Hons) in Enterprise & Finance was developed (for study from September 2014) aimed at those seeking to join the SME sector. Sector support for the development and delivery of this programme has been strong and initial student response positive. Further programmes are in the initial stages of development.

Collaborative arrangements with the universities of Manchester, Kent and Surrey were managed towards conclusion with the students' interests being the leading consideration. All remaining collaborative arrangements are closely managed within the *ifs University College* quality framework through the Collaborative Provision Committee.



# Trustees' report

Student engagement was enhanced through the launch of a unique, credit-bearing 'Student Representative & Advocacy' module for study by the Student Representatives that sit on all *ifs University College* deliberative committees. The 'Future Self' mentor programme to link full-time students with those already in employment was expanded and the Student Ambassadors represented *ifs University College* at a number of events. 'Student Engagement Week', a new initiative to extend student input to development of *ifs University College* learning provision and student support, was held.

To demonstrate commitment to the widening participation agenda, *ifs University College* published a 'statement of intent' on fair access which will be subject to a detailed progress and development review for report to *ifs University College* deliberative committees. This is a voluntary initiative as there is no requirement for *ifs University College* to submit an Access Agreement to the Office for Fair Access (OFFA).

The annual Professional Higher Education Conference was held in April 2013. Speakers included Professor Sir Tim Wilson (author of the Wilson Review of Business Collaboration) and Carl Gilleard (Chief Executive, Association of Graduate Recruiters). The event was attended by more than 90 members of *ifs University College* academic community. The *ifs* Graduation Ceremony held at the Guildhall in July 2013 conferred an Honorary Doctorate on Sir Malcolm Williamson, Chairman of Friends Life Group. Attendance by graduands and guests exceeded 400 people.

Recognition of *ifs University College's* ability to contribute to the quality and breadth of UK higher education provision continues to be consolidated through a range of further activities and initiatives.

- Following the submission of written evidence in 2012 the Principal gave oral evidence to the Parliamentary Commission on Banking Standards on 14 January 2013.
- The Vice Principal joined a Regulatory Partnership Group working party investigating the variety of corporate forms and structures within higher education and

the implications of this for the regulatory framework. Amongst the group are members drawn from the Higher Education Funding Council for England (HEFCE), Universities UK, the Quality Assurance Agency (QAA) and student representative bodies.

- The Dean of Professional Higher Education joined an advisory group to help the QAA develop the UK Quality Code for Higher Education Chapter on 'assessment of students and accreditation of prior learning'. The QAA also asked *ifs University College* to contribute an article on 'Quality Management' for one of its regular publications.
- *ifs University College* has contributed to research undertaken by HEFCE on the HE funding and regulatory system, degree attainment by ethnic minority students and the review of funding expenditure.
- Input has also been provided to sector consultations on 'Students at the Heart of the System', 'Student Number Controls and Teaching Funding' and 'A Risk-based Approach to Quality Assurance'.

## Institute of Financial Services

*ifs University College* operates under the brand name Institute of Financial Services for the purposes of providing qualifications and continuing professional development services for the regulated advice market.

The release of the Independent Commission on Banking report was always likely to draw attention to qualifications and professionalism, and so it proved. The Institute has continued to play its part in the discussions with industry and the regulators and will continue to support the industry where it can. One key aspect is in ensuring the qualifications needed by the industry are available and of a high quality. But gaining an initial qualification is not sufficient to maintain competence. The Institute now provides quality online CPD activities and the new membership proposition continues to grow.

The regulatory Retail Distribution Review (RDR) required retail investment advisers to attain a minimum Ofqual Level 4 qualification, but for many advisers this was not sufficient.

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The first cohorts of students have embarked on the new Ofqual Level 6 Advanced DipFA. Upon completion advisers will be able to use the title Chartered Member of the Institute of Financial Services (CMIFS). The Institute's approval to provide the legally required Statements of Professional Standing through Accredited Body status was renewed by the FCA.

The Certificate in Mortgage Advice and Practice (CeMAP®) qualification maintained its place as the benchmark qualification for mortgage advisers and those working in associated roles. The FCA's Mortgage Market Review (MMR) and the recovery in the mortgage market resulted in a significant increase in registrations.

A new agreement was signed with the Paris-based ICC for worldwide brand recognition of the *ifs*' Certificate for Documentary Credit Specialists (CDCS®). Over the past 14 years CDCS® has become the international benchmark qualification in documentary credits. There are plans to add further qualifications in international trade and other specialist banking activities as part of a growing relationship with the ICC.

Maintaining a strong relationship with corporate partners, large and small, is a priority, as is maintaining the *ifs*' links with the regulatory bodies, both those regulating the activities of the Institute and those governing the activities of key customers.

## Wider Financial Learning

*ifs University College* has a range of financial capability qualifications at Ofqual Levels 1–3; these are designed to help students aged 14–19 to develop the crucial financial life skills they need, whether progressing from secondary school into further and higher education or entering the world of work.

Despite the many challenges affecting the education environment, the *ifs* has seen the demand for its 14–19 qualifications continue. In response to the Department for Education requirements for inclusion in performance tables, the *ifs*' Level 3 qualifications have undergone enhancements that were positively

received by the Universities and Colleges Admissions Service (UCAS), schools and colleges.

The GCSE performance tables have also undergone review. In response, the *ifs* developed a new qualification, the Certificate in Financial Education (CeFE), which has been designed to provide students with the skills and knowledge to manage their money.

The *ifs* is preparing to apply to Ofqual for recognition as an A level awarding body.

The new national curriculum was announced in July and saw the inclusion of financial education from September 2014. This will form part of Mathematics and the Citizenship programme of study. Whilst this is a positive acknowledgement of the importance of financial education it will not fulfil the objectives of educating young people. The most effective way of changing behaviour and encouraging positive financial practices is through rigorous programmes of accredited study.

The 2012/13 Student Investor competition proved popular once again this year, with the winning team coming from the Royal Grammar School in Guildford.

## *ifs ProShare*

*ifs ProShare* provides a voice for the employee share ownership (ESO) industry. It acts as an essential point of liaison between ESO professionals, service providers and companies committed to, and involved in, employee share plans and other share ownership schemes.

It has been a busy and successful year for *ifs ProShare*. In addition to the annual SIP and SAYE surveys, in September 2012 the findings of the research into The Human and Organisational Impact of Employee Share Ownership were released. This was the culmination of four years' worth of PhD research by Dr David McConville and associates from Loughborough University. The research results demonstrate the positive human impact employee share ownership can have. This was particularly apposite given that the data was obtained and surveys conducted

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between 2008 and 2010 when share price performance was volatile and often depressed.

The annual Employee Share Plans Conference, held at the British Museum, was the most successful to date with well over 200 attendees hearing from 37 speakers on a variety of issues. Justin King, CEO of Sainsbury, was the keynote speaker.

*ifs ProShare* held a one-day event in Edinburgh which attracted over 50 participants, and 17 well-attended workshops and training sessions were held in London. There were also several bespoke events arranged for a number of member organisations.

In addition, *ifs ProShare* has had a number of speaking opportunities at other events including Employee Benefits Live, GEO and the International Association for Financial Participation.

HMRC has been busy making changes to simplify the running of employee share plans in the last 12 months; *ifs ProShare* has played a key role in shaping the details of the changes and maintains a chairing role on a number of committees.

The highlight of the year was once again the Annual Awards and Dinner at which 450 leading members of the share plans industry filled the Grand Connaught Rooms.

## Alumni Services

Throughout the year, the *ifs* maintained and enhanced its provision of professional and career development services to its members and alumni.

The organisation now effectively offers two separate membership propositions: one under *ifs University College* for alumni of its Professional Higher Education programmes and long-standing members from the banking sector, and one under the Institute of Financial Services for those involved in the delivery of regulated advice. A major focus for the year has been on ensuring that each membership group has access to services that are relevant to their needs whilst also providing more general services that are relevant to professionals from all sectors of the industry.

In an increasingly 'digital' world, a key benefit of membership remains the opportunities provided for members to make connections, share best practice and develop their knowledge on a face-to-face basis through the *ifs*' programme of educational, continuing professional development (CPD) and networking events. This year *ifs University College* and the Institute of Financial Services held a total of 75 events across the UK and internationally, attracting over 4,000 attendees. Highlights of the programme included Prestige Lectures from George Magnus, Senior Economic Advisor to UBS, Simon Alloca, Managing Director of Loan Markets, Lloyds Banking Group, and Justin Urquhart-Stewart, Director and co-founder of Seven Investment Management.

*Financial World*, the *ifs*' monthly industry journal, continued to provide members and alumni with insights into the latest developments in the world of financial services and the economy. The magazine featured articles from some of the most respected financial commentators, industry leaders and public figures including the *ifs*' own Chairman, Dr Paul Fisher, Sir Howard Davies, Henry Kaufman, Andrew Haldane, Executive Director at the Bank of England, and Justin Welby, Archbishop of Canterbury.

In response to user feedback, significant enhancements have been made this year to the online CPD recording tool that is available free of charge to all members. These enhancements include the ability to add Personal Development Plans to CPD records and set out overall learning objectives, provision of automatic CPD progress emails and more flexibility in downloading completed records.

Contributions from the *ifs* alumni community to the Alumni Fund have remained steady and are playing an important role in supporting the next generation of talent entering the industry. The fund has contributed to a number of scholarships for full-time *ifs University College* degree students and to enhancements to teaching facilities.

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The 2012 *ifs* Alumni Survey was published in early 2013 and once again demonstrated the positive impact of *ifs* qualifications on the careers of former students. Specifically, the survey revealed that 96% of alumni are in employment, 88% are applying the knowledge they gained from their qualification in their current role and that 83% believe their studies have helped in their professional development.

## Sustainability Agenda

The *ifs* conference 'Developing Sustainable Business Practice through Education' was held in November 2012, attended by 75 delegates. Speakers included Anthony McClaran, Chief Executive of the QAA, who presented the QAA's emerging guidelines on 'sustainability in the curriculum'. The *ifs* is undertaking, initially, a review of all its PHE qualifications to incorporate sustainability issues as they affect financial services. The *ifs* became a member of the UK Sustainable Investment and Finance Association (UKSIF), the Environmental Association of Universities and Colleges, and the Colleges Steering Group for the South East of England. The *ifs* Sustainability Committee issued a comprehensive report on progress achieved in addressing sustainability issues.

## Financial review – results for the year ended 31 July 2013

As an educational charity with a Royal Charter, the *ifs* uses all its income to advance education about financial services both for the sector and for the public at large.

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

The fees, kept as low as possible to ensure affordability and wider access, are sufficient to cover the cost of running current programmes and investing in new ones. Funding comes from a variety of sources both public and

private. Many students are funded by employers. Some students studying for qualifications that are in Ofqual's Qualifications 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 Loan Company (SLC).

The performance of the various funds is as follows.

### Unrestricted funds

Total incoming resources for the year of £13.1m compares with £13.5m in the previous year.

Within Professional Higher Education there was a reduction in the number of new students entering corporate *ifs* programmes, reflecting widespread continued low recruitment into financial institutions. The second cohort of full-time students commenced study: students on the new BSc (Hons) in Finance and Accounting for Financial Services joined those on the existing BSc (Hons) in Banking Practice & Management, with many receiving SLC support.

The *ifs* announced two new qualifications: the BSc (Hons) in Finance, Investment & Risk from 2013/14 and the BSc (Hons) in Enterprise & Finance from 2014/15.

There was a significant increase in registrations for the Certificate in Mortgage Advice and Practice (CeMAP®) due to the regulatory MMR, while registrations for banking conduct of business qualifications almost doubled. Revenue from trade finance qualifications, delivered in over 70 countries, was ahead by 18%. There was a decline in financial adviser qualifications following the RDR deadline of December 2012.

Despite the uncertainties generated by planned changes to 14–19 education in England and Wales, revenue from the *ifs*' financial capability qualifications in schools and FE colleges grew by 5%, with over 26,000 students studying in the 2012/13 academic year.



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Expenditure was ahead of prior year reflecting a significant investment in new premises for full-time students at Lovat Lane. Transfers of £107,000 were made to the Bursary Fund reflecting an allocation of income received from full and part-time programmes. Overall, net outgoing resources for unrestricted funds for the period were £1.39m against last year deficit of £98,000. Equity markets recovered during the year resulting in a gain on the investment portfolio of £650,000. The overall net movement in funds for the general fund is a deficit of £740,000, against the prior year deficit of £159,000.

## Restricted funds

The *ifs* holds on trust the Henry Grunfeld Foundation, which is to be used for supporting the education of people working in banking and financial services in London. The net incoming resource was a deficit of £10,000 against a deficit of £87,000 in 2012. The fund supported the full-time students and provided funding for additional *ifs KnowledgeBank* services. After investment gains of £108,000, the fund stood at £1.017m.

The Bursary and Scholarship Funds provided £26,000 of assistance to both full and part-time students and, at the end of the period, had assets of £447,000.

The balance of restricted funds represents a Prize Fund set up following a bequest from Mr H E H Strudwick. There was no movement in this fund during the period and the balance of the fund at the end of the period was £4,000.

## Investments

At 31 July 2013, the *ifs* held fixed-asset investments with a market value of £7.82m (2012 £7.95m) having transferred £1m during the year to cover the development of the new campus at Lovat Lane.

The Trustees, through the Executive Committee, delegate the discretionary powers of management of the *ifs*' fixed-asset investments to investment manager BlackRock. BlackRock provides quarterly reports on investment performance and gives updates and guidance.

The investment objective is to maximise long-term total return and is measured against an agreed benchmark. There is no specific direction given to the investment manager regarding social, environmental and ethical considerations. In the 12 months to June 2013 the fund performance was +10.79% (2012 - 0.9%)

The *ifs*' bank balances are held in cash funds managed by BlackRock, which aim to reflect London Inter-bank Bid (LIBID) seven-day rates and a range of fixed-term deposits with Barclays.

## Reserves

The *ifs* aims to maintain a level of reserves that would allow it to fulfil its future commitment to existing alumni and students, notwithstanding unforeseen adverse events. The target range for the appropriate quantum of reserves is currently estimated to be one year's operating cost in respect of alumni services plus between one and two years' operating expenditure relevant to the provision of its qualification services.

Current free reserves fell slightly to £7.239m from £8.448m in 2012 and sit in the lower range of the *ifs*' reserves policy. Nonetheless, the *ifs* considers it has a sound financial base and is well resourced to meet the challenges and opportunities it faces.

## Reference and administrative details

**Charity name**  
*ifs University College*

**Charity number**  
297107

Incorporated in England by Royal Charter, registered number RC000719.

### Registered office

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

# Trustees' report



**Gavin Shreeve**  
Principal



**Martin Day**  
Vice-Principal,  
Professional Higher  
Education



**Anne Kiem**  
Chief Executive  
Institute of Financial  
Services

## Board of Governors (Trustees)

The Trustees as at 31 July 2013 are as follows:

Dr Paul Fisher  
Chairman

Paul Fisher is the Bank of England's Executive Director for Markets. He and his directorate are responsible for all Bank operations in financial markets and their balance sheet consequences; managing the UK's official foreign exchange reserves on behalf of HMT; and market intelligence for monetary and financial stability. Dr Fisher is a member of the Monetary Policy Committee as well as several senior management committees of the Bank. Dr Fisher joined the Bank in 1990 and has been part of the Bank's senior staff since 1995.

He has written extensively on economic models of the UK economy and written or contributed to numerous articles on macroeconomic models, business cycles and exchange rates. Dr Fisher achieved his PhD in macroeconomic modelling at the University of Warwick in 1990, where he had worked as a full-time researcher for the previous ten years.

Gavin Shreeve MA  
Principal

Prof Moorad Choudhry BA (Hons) MA MBA  
PhD Fifs FCSI FRM FinstSMM (*appointed  
September 2012*)

Brendan Cook MA (Oxon) MBA ACIB

Kim Cramphorn CeFA  
(*appointed February 2013*)  
*Student Representative*

Prof James Devlin BSc (Econ) PhD MCSI  
(*appointed September 2012*)

Christopher Egerton-Warburton MA (Oxford)  
(*appointed September 2012*)

Prof Ruth Farwell BSc PhD  
(*appointed September 2012*)

Amanda Francis DSS BSc ACA

Catharine French BA MCSI

Simon Lloyd LLB

David Nicholson BA ACIB

Chris Sullivan FCIBS

Cathy Turner BA

Alastair Tyler BSc (Hons) FCIB

*Academic Community Representative*

Prof Geoff Whitty CBE DLit (Ed) FCT

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

Sarfaraz Akram BA (Hons) DipHE

Prof Roger Brown PhD

Alastair Camp MBA FCIB

Shelagh Legrave BA (*resigned June 2013*)

## Audit Committee

Amanda Francis DSS BSc ACA (Chair)

Helen Turner BSc (Econ) FCA

Alastair Tyler BSc (Hons) FCIB

## Remuneration and Nominations Committee

Dr Paul Fisher (Chair)

Amanda Francis DSS BSc ACA

Simon Lloyd LLB

Cathy Turner BA

Prof Geoff Whitty CBE DLit (Ed) FCT

## Academic Board

Board members and external members of the committee are:

Gavin Shreeve MA (Chair)

Dr John Anchor BSc (Hons) FRSA FHEA

Dr Rachel Banfield DBA, MA, CPFA, FMAAT,  
FHEA, PGCHE

Anthony Cheng PCertB

*Student Representative*

Wendy Chowne ACIB PG Cert (Ed) PG Dip  
(Ed) SEDA FHEA

Prof Chris Clare EdD MBA MSc CEng

Martin Day MBA ACIB

Prof Richard de Friend LLM

Graham Flower BSc (Hons) CEng FCIB FRSA

Dr Tony Gandy BSc (Econ) FCIB

Pam Hardy BA (Hons) FCIB

Munira Jasat

*Student Representative*

Prof Gioia Pescetto Laurea MA PhD

Bob Sedgwick BSc (Econ)

Dr Carolina Valiente BSc (Hons) MPhil

Dr Peter Washer MA FHEA

Suellen White BSc (Hons)

Prof John Wilson BA (Hons) MPhil PhD

# Trustees' report

## Members of the executive team

### Principal

Gavin Shreeve MA

### Vice-Principal, Professional Higher Education

Martin Day MBA ACIB

### Institute of Financial Services

#### Chief Executive

Anne Kiem MA

### Wider Financial Learning

#### Vice-Principal, Financial Capability

Rod McKee ACIB

### Director of Human Resources

Anna Boyce BSc (Hons) FCIPD

### Director of IT

Dot Carrier PGD CCI (Open)

### Director of Quality, Policy and Regulation

Prof Chris Clare EdD MBA MSc CEng

### Company Secretary

Philip Cook LLB

### Director, Head of Relationship Management

Mark Heaton ACIB

### Finance Director

Ian Parrett FCCA

### Director of Communications and

#### Alumni Services

Chris Ray BA (Hons)

## Principal advisers

### Bankers

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

### Solicitors

DAC Beachcroft  
100 Fetter Lane  
London  
EC4A 1BN

### Auditor

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

### Investment manager

BlackRock  
12 Throgmorton Avenue  
London  
EC2N 2DL



**Dr Rachel Banfield**  
Dean, Professional  
Higher Education



**Rod McKee**  
Vice-Principal FC

# Trustees' report

## Structure, governance and management

The governing body of the *ifs* is the Board of Governors, which comprises the Chair, the Principal 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 the *ifs* fulfils its object as stated below. In addition, the members of the Board of Governors are the Trustees of the charity.

## Corporate governance

The *ifs* has 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 the *ifs* has decided to adopt the code. The *ifs* also takes into account the Guide for Members of Higher Education Bodies in the UK published by the Committee of University Chairs.

## Constitution

*ifs University College* was established in 1879 as the Institute of Bankers and has latterly used the working name Institute of Financial Services and *ifs School of Finance*. 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 and in July 2010. These included formally changing the name from The Chartered Institute of Bankers and changes to the governance, which saw the Council replaced by a Board of Governors.

## Charter

The Charter sets out the objects and the powers of *ifs University College*. It requires the *ifs* to establish a Board of Governors, who are the Trustees, and an Academic Board.

The object for which *ifs University College* is 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 the strategic academic and educational direction of *ifs University College* 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 annual report and financial statements in accordance with applicable UK GAAP. The Board is required to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the *ifs* and of the surplus or deficit of the *ifs* for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the *ifs* will continue in business.

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The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 2011. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board meets at least four times a year and receives regular reports from management on the operational aspects of the *ifs*, 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 the business of *ifs University College*, ensuring that the *ifs* is well connected with its 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 Principal leading the management team. The Principal is the academic and executive head of *ifs University College* 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 Principal. These sessions provide Governors with an insight into the workings and nature of the *ifs* and its Board, the strategic objectives of the *ifs*, and their personal responsibilities as Governors.

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

## Committees of the Board of Governors

### Academic Board

The Academic Board is the supreme academic authority of *ifs University College* 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 Principal and is attended by all of the relevant academic heads and directors. Appointed members include no more than twelve academics with relevant qualifications and experience, one academic delivering teaching for the academic awards of *ifs University College*, two representatives of the student body, and one elected member of staff of *ifs University College* 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;
- to approve courses and programmes of study leading to academic awards and all significant amendments or discontinuance;
- to regulate all instruction, teaching and research;



# Trustees' report

- to prescribe the criteria, procedures and guidelines for the assurance and the quality and standards of all courses and programmes of study and research;
- to prescribe the requirements concerning all matters of academic sufficiency under which persons shall be permitted to pursue their studies.

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

## Audit Committee

The basic responsibility of the Audit Committee, which meets at least twice a year, is to satisfy itself as far as it can that the annual accounts follow approved accounting principles and give an accurate account of the *ifs*' 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 the *ifs*' 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 the partner from the external auditor.

The auditor BDO LLP was reappointed.

## Academic Audit Committee

The Academic Audit Committee's responsibility is to assess the effectiveness of all aspects of *ifs University College's* 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 Further Education Board intended and 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 *ifs* staff, members of the Academic and Further Education 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.

## Further Education Board

The Further Education (FE) Board is the guardian of the academic integrity and quality of the FE awards made by *ifs University College*. It is a standing committee of the Board of Governors and exercises powers delegated to it in respect of quality and standards and compliance with the regulatory regimes. In particular, it approves all new programmes of study leading to FE awards of the *ifs* and all significant amendments to them, and it ensures that the arrangements for the quality assurance and enhancement of qualifications are in line with the requirements and expectations of the regulatory authorities.

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

# Trustees' report

## 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 Principal and Chairs of Committees.

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

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

## Internal control and risk management

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

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

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

*ifs* University College's risk management processes have been evaluated against HEFCE's Self Assessment Checklist for Audit Committees (HEFCE, 2005, Risk management in higher education: A guide to good practice, prepared for HEFCE by PricewaterhouseCoopers).

Approved by the Trustees on

12 December 2013

and signed for and on their behalf by



Dr Paul Fisher  
Chairman

# Auditor's report

## Independent Auditor's Report to the Trustees of *ifs* University College

We have audited the financial statements of *ifs* University College for the year ended 31 July 2013 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with 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 the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 July 2013, and of the group's incoming resources and application of resources 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.

### 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 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity 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.

BDO LLP  
Statutory Auditor  
London  
United Kingdom

Date: 18 December 2013

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated statement of financial activities

Year ended 31 July 2013

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	2013 Total £000s	2012 Total £000s
<b>Incoming resources</b>					
Incoming resources from generated funds					
Donations		-	6	6	5
Activities for generating funds	2	11	-	11	10
Investment income	2	163	32	195	215
Incoming resources from charitable activities	3	12,887	-	12,887	13,293
<b>Total incoming resources</b>		<b>13,061</b>	<b>38</b>	<b>13,099</b>	<b>13,523</b>
<b>Resources expended</b>					
Costs of generating funds					
Investment management costs		-	(4)	(4)	(3)
Charitable activities	4	14,251	65	14,316	13,857
Governance costs		102	-	102	74
Other resources expended	6	(9)	-	(9)	(207)
<b>Total resources expended</b>	7	<b>14,344</b>	<b>61</b>	<b>14,405</b>	<b>13,721</b>
<b>Net outgoing resources before transfers</b>					
		(1,283)	(23)	(1,306)	(198)
Gross transfers between funds					
		(107)	107	-	-
<b>Net outgoing resources before other recognised gains and losses</b>					
		(1,390)	84	(1,306)	(198)
<b>Other recognised gains and losses</b>					
Gains/(losses) on investment assets					
		650	150	800	(71)
Actuarial gains recognised in defined benefit pension scheme	8	-	-	-	-
<b>Net movement in funds in the year</b>		<b>(740)</b>	<b>234</b>	<b>(506)</b>	<b>(467)</b>
Total funds brought forward					
		10,193	1,234	11,427	11,696
<b>Total funds carried forward</b>		<b>9,453</b>	<b>1,468</b>	<b>10,921</b>	<b>11,229</b>

All incoming resources were from continuing activities.

The statement of financial activities includes all gains and losses recognised in the year.

The accompanying notes are an integral part of these financial statements.



## Consolidated balance sheet

As at 31 July 2013

	Notes	Group		Charity	
		2013 £000s	2012 £000s	2013 £000s	2012 £000s
<b>Fixed assets</b>					
Tangible assets	9	2,214	1,745	2,214	1,745
Investments	10	7,821	7,949	7,821	7,949
		<b>10,035</b>	9,694	<b>10,035</b>	9,694
<b>Current assets</b>					
Stocks and work in progress	11	72	72	72	72
Debtors falling due within one year	12	2,066	1,321	2,051	1,318
Cash at bank and in hand		3,070	4,424	3,062	4,423
		<b>5,208</b>	5,817	<b>5,185</b>	5,813
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	4,212	3,956	4,189	3,952
		<b>996</b>	1,861	<b>996</b>	1,861
<b>Net current assets</b>					
<b>Total assets less current liabilities</b>		<b>11,031</b>	11,555	<b>11,031</b>	11,555
Provision for liabilities and charges	14	110	128	110	128
<b>Net assets excluding pension asset</b>		<b>10,921</b>	11,427	<b>10,921</b>	11,427
Defined-benefit pension scheme asset	8	-	-	-	-
<b>Net assets including pension asset</b>		<b>10,921</b>	11,427	<b>10,921</b>	11,427
Represented by:					
<b>Restricted income funds</b>	17	<b>1,468</b>	1,234	<b>1,468</b>	1,234
<b>Unrestricted income funds</b>		<b>9,453</b>	10,193	<b>9,453</b>	10,193
Designated and general funds		-	-	-	-
Pension reserve		-	-	-	-
<b>Total unrestricted funds</b>	18	<b>9,453</b>	10,193	<b>9,453</b>	10,193
<b>Total funds</b>		<b>10,921</b>	11,427	<b>10,921</b>	11,427

The accompanying notes are an integral part of these financial statements.

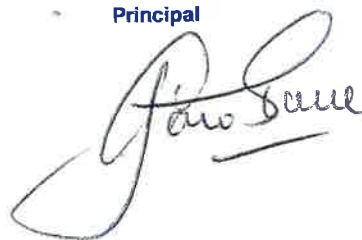
Approved on behalf of the trustees on

12 December 2013

Dr Paul Fisher  
Chairman



Gavin Shreeve  
Principal





## Consolidated cashflow statement

Year ended 31 July 2013

	2013		2012	
	£000s	£000s	£000s	£000s
<b>Net cash outflow from operating activities</b>		<b>(1,819)</b>		<b>(541)</b>
<b>Returns on investments</b>				
Income from investment portfolio	145		138	
Interest received	50		77	
		195		215
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets	(658)		(53)	
Payments to acquire investments	(2,062)		(3)	
Receipts from sales of investments	2,083		3	
		(637)		(53)
<b>Decrease in net cash resources</b>		<b>(2,261)</b>		<b>(379)</b>
<b>i Reconciliation of changes in resources to net cash outflow from operating activities</b>				
Net (outgoing) resources before other recognised gains and losses		(1,306)		(198)
Investment income		(195)		(215)
Depreciation, profit on sale and amortisation		189		232
Increase/(decrease) in stocks		-		35
Net (increase)/decrease in debtors		(745)		(94)
Net increase/(decrease) in creditors and provisions		238		(301)
Net cash outflow from operating activities		(1,819)		(541)
<b>ii Analysis of net cash resources</b>				
		31 Jul 13	31 Jul 12	Change in cash flow
Cash at bank and in hand		3,070	4,424	(1,354)
Cash held with investments		2,114	3,021	(907)
		5,184	7,445	(2,261)

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

Year ended 31 July 2013

### 1. Accounting policies

#### a) Basis of preparation

The financial statements have been prepared under the Charities Act 2011 on the historical cost convention, with the exception of investments and certain tangible assets, which are included at market value, and have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' 2005 and applicable UK accounting standards.

The Charity has taken advantage of the exemption in the Charities Act 2011 not to present its own Statement of Financial Activities. However, the Consolidated Statement of Financial Activities includes gross income of the Charity of £12,985,000 and net outgoing resources of £1,306,000.

#### b) Branches and subsidiaries

Local/regional centres are considered to be branches as defined by the SORP and have been accounted for as part of the whole charity in the financial statements for the year ended 31 July 2013.

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.

The subsidiary company, Institute of Financial Services Limited, has remained dormant throughout the period. Both *ifs* Learning Limited and *ifs* Proshare Limited were trading during the period and have been consolidated on a line by line basis.

#### c) Fund accounting

General funds are unrestricted funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for 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 the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### d) Incoming resources

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 are included on the basis of amounts receivable and any amounts received in advance included within deferred income.

Examination income is recognised over the length of the course being offered, and is weighted to match the charities expenditure profile.

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

All other incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Any amounts received in advance are included within deferred income.

#### e) Resources expended

Resources expended are accounted for on an accruals basis inclusive of any VAT that cannot be recovered. Where costs cannot be directly attributed, they have been allocated on a basis consistent with the use of the resources. For all examinations, a provision is included for third party direct costs.

Charitable activities include expenditure associated with the further and higher education programmes, alumni services and *ifs* Proshare and include both the direct and support costs relating to these activities. Direct costs, including directly attributable salaries, are allocated to the key strategic areas of activity. Overheads (support costs) which are not specifically allocated, and other non direct costs are allocated between expenses headings according to the amount of revenue generated.

Governance costs include legal, professional and audit fees together with an apportionment of management time associated with governance matters.

Contractual arrangements and performance related grants are recognised as the relevant goods or services are supplied. Other grant payments are recognised when a constructive or legal obligation arises that results in the payment being unavoidable.

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 consolidated income statement as they arise.

#### 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 to the first break date as this is deemed to be the first point in time that the underlying rentals revert to the prevailing market rate.

## Notes to the financial statements

Year ended 31 July 2013

### g) 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 existing use value in line with FRS 15 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.

### h) 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.

### i) Stock and work in progress

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

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

### j) Pension scheme

The *ifs* operates a funded defined benefit scheme, the assets of which are held in a specific trust separately from those of the *ifs*. Contributions to the scheme are charged to the statement of financial activities so as to spread the cost evenly over employees' working lives with the *ifs*. 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.

The *ifs* also operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the statement of financial activities in the year to which they relate. These contributions are invested separately from the charity's assets in an independently administered fund.

## Notes to the financial statements

Year ended 31 July 2013

	2013 £000s	2012 £000s
<b>2. Incoming resources from generated funds</b>		
<b>Activities for generating funds</b>		
Rent receivable	11	10
	<b>11</b>	<b>10</b>
<b>Investment income</b>		
UK equities	84	78
Overseas equities	20	17
Fixed interest	41	43
Deposits	50	77
	<b>195</b>	<b>215</b>
<b>3. Incoming resources from charitable activities</b>		
<b>Continuing activities</b>		
Professional Higher Education	2,339	2,650
Further education	8,699	8,658
Alumni services	1,444	1,603
<i>ifs</i> Proshare	405	382
Total income from charitable activities	<b>12,887</b>	<b>13,293</b>

#### 4. Resources expended on charitable activities

##### Unrestricted funds

	Professional Higher Education £000s	Further Education £000s	Alumni services £000s	<i>ifs</i> Proshare £000s	2013 Total £000s	2012 Total £000s
Direct costs	3,396	5,118	1,107	253	9,874	9,819
Support costs (see below)	794	2,955	490	138	4,377	3,898
	<b>4,190</b>	<b>8,073</b>	<b>1,597</b>	<b>391</b>	<b>14,251</b>	<b>13,717</b>
<b>Analysis of support costs</b>						
Information technology	175	649	108	30	962	933
Human resources	104	387	64	18	573	591
Finance & legal	157	585	97	27	866	865
Depreciation	34	128	21	6	189	232
Premises	324	1,206	200	57	1,787	1,277
	<b>794</b>	<b>2,955</b>	<b>490</b>	<b>138</b>	<b>4,377</b>	<b>3,898</b>

## Notes to the financial statements

Year ended 31 July 2013

### 5. Results from trading activities of subsidiaries

	<i>ifs</i> Proshare £000s	<i>ifs</i> Learning £000s	Total £000s
Incoming resources	405	105	510
Resources expended	(405)	(105)	(510)
Net profit for the year	-	-	-
Current assets	268	6	274
Creditors	(268)	(6)	(274)
Net assets	-	-	-

*ifs* ProShare Limited provides a voice for the Employee Share Ownership (ESO) industry. It is a not-for-profit organisation that acts as an essential point of liaison between ESO professionals, service providers and companies committed to, and involved in, employee share plans and other share ownership schemes. It provides a forum for members to come together and share knowledge, ideas and expertise. Its aim is to support employee share ownership through liaison with members to provide information on share plans, encourage sharing of best practice, commission research and dialogue with relevant industry bodies and represents the industry to the government, the media, the European Union and other regulatory and statutory bodies.

*ifs* Learning Limited is the trading subsidiary for the *ifs* with it's main activities being sponsorship and events.

### 6. Other resources expended

Provisions per note 14:

Discount charges on provisions

Provisions released during the year

	2013 £000s	2012 £000s
	6	8
	(15)	(215)
	(9)	(207)

### 7. Total resources expended

#### Total resources expended included:

Auditor's remuneration

Audit fees

Other services

Operating leases

Land & buildings

Other assets

Depreciation of tangible fixed assets

#### Total staff costs comprised:

Salaries

National insurance

Pension cost

Other staff costs

	32	35
	42	4
	747	641
	56	60
	189	232
	5,309	4,962
	547	516
	302	281
	235	220
	6,393	5,979



## Notes to the financial statements

Year ended 31 July 2013

The emoluments of Gavin Shreeve, the Principal and a trustee, included in the above costs are £225,000 (2012 £225,000). These emoluments are shown on the same basis as those in the bandings below. A&D Tyler Limited, of which Alastair Tyler is a director, received £16,247 for his fees as an associate lecturer (2012 £13,646). Authority for these payments is included within the Royal Charter.

The Principal also received re-imbusement for out-of-pocket expenses (e.g. travel, subsistence, entertainment). This amounted to £1,571 (2012 £2,357).

No other trustees received remuneration. Three Trustees, other than the Principal, received reimbursement of expenses for attending meetings, amounting to £367 (2012 £853).

The total emoluments for those staff who earned over £60,000 per annum is split into bands as follows:

	2013 Number	2012 Number
60,000 - 69,999	3	3
70,000 - 79,999	1	1
80,000 - 89,999	3	1
90,000 - 99,999	1	1
110,000 - 119,999	2	2
220,000 - 229,999	1	1

Total emoluments for this purpose are remuneration and benefits in kind as defined for taxation purposes excluding pension contributions. All of the above are accruing benefits under the defined benefits scheme or are members of the stakeholder scheme.

Average monthly number of employees calculated on the basis of full time equivalents was:

<b>153</b>	147
------------	-----

### 8. Pension costs

**The pension costs included within expenditure are comprised as follows:**

Defined contribution schemes

Defined benefit schemes

2013 £000s	2012 £000s
<b>302</b>	281
-	-
<b>302</b>	281

The *ifs* operates two schemes, a defined contribution scheme that is available to new employees and a defined benefit scheme that is closed.

A full actuarial valuation was completed as at 31 December 2010 and the results from this valuation have been updated to 31 July 2013 by a qualified independent actuary for the purpose of the FRS17 disclosures below.

The Fund closed to future accrual on 31 March 2009.

## Notes to the financial statements

Year ended 31 July 2013

### The major assumptions used by the actuary to value the liabilities of the fund were (in nominal terms):

	2013	2012
Pension increases pre 2006 excess over GMP	2.5%	1.8%
Pension increases post 2006 pension	2.5%	1.8%
Discount rate	4.5%	4.0%
CPI Inflation assumption	2.5%	1.8%
Assumed life expectancies on retirement at age 60 are:		
Retiring today		
Males	27.4	27.3
Females	29.0	28.9
Retiring in 20 years time		
Males	29.0	28.9
Females	30.6	30.5

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

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

	Long term rate of return expected at 31 Jul 13	Value at 31 Jul 13 £000s	Long term rate of return expected at 31 Jul 12	Value at 31 Jul 12 £000s
Equities	6.40%	2,663	5.80%	7,367
Bonds	3.80%	11,921	3.90%	13,944
Other	5.30%	14,604	4.50%	11,104
Cash	3.40%	5,665	2.80%	123
<b>Fair value of plan assets</b>		<b>34,853</b>		<b>32,538</b>

	2013 £000s	2012 £000s
The actual return on assets over the period was:	3,417	2,627
<b>The amount recognised in the balance sheet are as follows:</b>		
Present value of scheme liabilities	(31,604)	(29,642)
Fair value of scheme assets	34,853	32,538
Net asset	3,249	2,896
Pension scheme surplus not recognised	(3,249)	(2,896)
	-	-

### Reconciliation of opening and closing balances of the present value of the scheme liabilities

Liabilities at the beginning of the year	29,642	29,753
Interest cost	1,164	1,550
Actuarial gain	1,900	(627)
Benefits paid	(1,102)	(1,034)
Liabilities at the end of year	31,604	29,642

## Notes to the financial statements

Year ended 31 July 2013

<b>Reconciliation of opening and closing balances of the fair value of scheme assets</b>		
Fair value of scheme assets at beginning of year	32,538	30,945
Expected return on scheme assets	1,450	1,702
Actuarial gain	1,967	925
Benefits paid	(1,102)	(1,034)
Fair value of scheme assets at end of year	34,853	32,538

<b>Analysis of amount recognised in statement of financial activities</b>		
Actuarial gain/losses	67	1,552
Impact of surplus restriction	286	(1,704)
Restriction on expected return on assets due to paragraph 67 (c)	(353)	152
Total	-	-

<b>Analysis of the amount charged to resources expended</b>		
Expected return on pension scheme assets	1,450	1,702
Restriction on expected return on assets due to paragraph 67 (c)	(286)	(152)
Interest on pension scheme liabilities	(1,164)	(1,550)
Net return	-	-

	As at	As at	As at	As at	As at
	31 Jul 13	31 Jul 12	31 Jul 11	31 Jul 10	31 Dec 09
	£000s	£000s	£000s	£000s	£000s
<b>History of scheme assets, obligations and experience adjustments</b>					
Present value of scheme liabilities	31,604	29,642	29,753	31,558	28,361
Fair value of scheme assets	34,853	32,538	30,945	27,862	25,780
Irrecoverable surplus/(deficit) in the scheme	3,249	2,896	1,192	(3,696)	(2,581)
Total adjustments arising on scheme liabilities	(1,900)	627	2,646	(2,526)	(4,331)
Total adjustment item as a percentage of scheme liabilities	-6.0%	2.1%	8.9%	-8.0%	-15.3%
Experience adjustments arising on scheme liabilities	(198)	142	1,434	319	1
Experience item as a percentage of scheme liabilities	-0.6%	0.5%	4.8%	1.0%	0.0%
Changes in assumptions underlying the scheme liabilities	(1,702)	485	1,212	(2,845)	(4,332)
Changes in assumptions as a percentage of scheme liabilities	-5.4%	1.6%	4.1%	-9.0%	-15.3%
Experience adjustments arising on scheme assets	1,967	925	2,282	1,653	506
Experience item as a percentage of scheme assets	5.6%	2.8%	7.4%	5.9%	2.0%
Cumulative actuarial gain/(loss) shown in the Statement of Financial Activities	3,201	2,848	1,144	(3,784)	(2,911)

## Notes to the financial statements

Year ended 31 July 2013

### 9. Tangible fixed assets

Group and Charity

	Freehold property £000s	Leasehold improvements £000s	Computer installation, furniture and equipment £000s	Total £000s
<b>Cost or valuation</b>				
At 1 August 2012	1,070	972	1,366	3,408
Additions	-	506	152	658
Disposals	-	-	(84)	(84)
At 31 July 2013	1,070	1,478	1,434	3,982
<b>Depreciation</b>				
At 1 August 2012	46	341	1,276	1,663
Charge for the period	15	97	77	189
Disposals	-	-	(84)	(84)
At 31 July 2013	61	438	1,269	1,768
<b>Net book value</b>				
At 31 July 2013	1,009	1,040	165	2,214
At 31 July 2012	1,024	631	90	1,745

Cost of freehold property £833,243.

A valuation was carried out by a qualified chartered surveyor, Strutt and Parker, as at 31 July 2009, showing the value at £1.070m. The value of land included within freehold property is £300,000. The trustees are not aware of any material changes in the value of the freehold property since the last valuation.

## Notes to the financial statements

Year ended 31 July 2013

	Group and Charity	
	2013 £000s	2012 £000s
<b>10. Investments</b>		
<b>Investments at cost</b>		
Managed funds		
UK equities	2,027	2,027
Overseas equities	2,135	1,349
UK fixed interest	774	774
Cash	2,114	3,021
	<b>7,050</b>	<b>7,171</b>
<b>Investments at market value</b>		
Managed funds		
UK equities	2,778	2,366
Overseas equities	2,108	1,688
UK fixed interest	821	874
Cash	5,707	4,928
	<b>2,114</b>	<b>3,021</b>
	<b>7,821</b>	<b>7,949</b>
The movement of investments is represented by		
Carrying value (market value) at the beginning of the year	4,928	4,999
Add: additions to investments at cost	2,062	3
Less: disposals at carrying value	(2,083)	(3)
Add: net (loss)/gain on revaluation	800	(71)
Carrying value (market value) at the end of the year	<b>5,707</b>	<b>4,928</b>

Funds were managed during the year by BlackRock Investment Managers. Fees charged by BlackRock Investment Managers are deducted from common investment funds and not charged separately to the *ifs*. Equities and fixed-interest stocks are invested in pooled charity funds.

The Charity controls the following subsidiary undertakings in which its investment amounts to £5 (2012 £5).

	<b>Holding</b>	<b>Nature of Business</b>
<i>ifs</i> Learning Limited	100% £1 ordinary shares	Events, sponsorship
Institute of Financial Services Limited	100% £1 ordinary shares	Dormant
<i>ifs</i> Proshare Limited	100% £1 ordinary shares	Employee share ownership

The country of incorporation for all subsidiaries is England and Wales.



## Notes to the financial statements

Year ended 31 July 2013

<b>11. Stocks and work in progress</b>	2013	2012
Group and Charity	£000s	£000s
Publications and sundry stock	72	72
	<b>72</b>	<b>72</b>

<b>12. Debtors</b>	<b>Group</b>		<b>Charity</b>	
	2013	2012	2013	2012
	£000s	£000s	£000s	£000s
Due within one year				
Members and trade debtors	<b>1,601</b>	813	<b>1,600</b>	<b>813</b>
Taxation	-	33	-	<b>33</b>
Other debtors	<b>19</b>	20	<b>19</b>	<b>20</b>
Prepayments	<b>446</b>	455	<b>432</b>	<b>452</b>
	<b>2,066</b>	1,321	<b>2,051</b>	1,318
<b>13. Creditors</b>				
Trade creditors	<b>833</b>	810	<b>830</b>	810
Amounts owed to subsidiary company	-	-	<b>251</b>	156
Other creditors and accruals	<b>1,288</b>	1,231	<b>1,288</b>	1,231
Taxation and social security	<b>191</b>	165	<b>191</b>	165
Deferred income (note 15)	<b>1,900</b>	1,750	<b>1,629</b>	1,590
	<b>4,212</b>	3,956	<b>4,189</b>	3,952

<b>14. Provision for liabilities and charges</b>	Post-Retirement Healthcare	Onerous Lease Contracts	Total
	£000s	£000s	£000s
Balance at 1 August 2012	<b>122</b>	<b>6</b>	<b>128</b>
Amounts released during the year	<b>(15)</b>	-	<b>(15)</b>
Discount charges for the year	<b>6</b>	-	<b>6</b>
Released to statement of financial activities	<b>(3)</b>	<b>(6)</b>	<b>(9)</b>
<b>Balance at 31 July 2013</b>	<b>110</b>	-	<b>110</b>
Provision falling due within one year	-	-	-
Provision falling due after more than one year	<b>110</b>	-	<b>110</b>

### Post-retirement healthcare

The *ifs* 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 12 using a discount rate of 5.0% (2012 5.0%) and a rate of increase in medical costs of 10% (2012 10%).

### Onerous lease contracts

The provision for onerous lease contracts is in respect of dilapidations for leases which have now expired.

## Notes to the financial statements

Year ended 31 July 2013

### 15. Deferred income

	Balance at 01 Aug 12 £000s	Released £000s	Income £000s	Balance at 31 Jul 13 £000s
Subscriptions	597	(597)	601	601
Qualifications	837	(837)	884	884
Life subscriptions (note 1d)	155	(11)	-	144
Other	1	(1)	-	-
<b>Charity</b>	<b>1,590</b>	<b>(1,446)</b>	<b>1,485</b>	<b>1,629</b>
<b>Membership and support</b>	<b>160</b>	<b>(160)</b>	<b>271</b>	<b>271</b>
<b>Group</b>	<b>1,750</b>	<b>(1,606)</b>	<b>1,756</b>	<b>1,900</b>

### 16. Analysis of net assets between funds

The net assets belong to the various funds as follows:

	Fixed assets £000s	Investments £000s	Net current assets £000s	Long term liabilities £000s	Pension assets £000s	Fund balances £000s
<b>Restricted funds (note 17)</b>						
Bursary fund	-	296	(2)	-	-	294
Grunfeld fund	-	1,017	-	-	-	1,017
Scholarship fund	-	48	105	-	-	153
Strudwick prize fund	-	-	4	-	-	4
<b>Unrestricted funds (note 18)</b>						
General fund	2,214	6,460	889	(110)	-	9,453
Designated funds	-	-	-	-	-	-
	<b>2,214</b>	<b>7,821</b>	<b>996</b>	<b>(110)</b>	<b>-</b>	<b>10,921</b>

## Notes to the financial statements

Year ended 31 July 2013

### 17. Restricted funds

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

	Scholarship Fund £000s	Bursary fund £000s	Grunfeld fund £000s	Strudwick prize fund £000s	Total £000s
Incoming resources	6	7	25	-	38
Resources expended	14	12	35	-	61
Net incoming resources before transfers	(8)	(5)	(10)	-	(23)
Transfers	-	-	-	-	-
Net incoming resources	(8)	(5)	(10)	-	(23)
Transfers	92	15	-	-	107
Investment gains/losses	-	42	108	-	150
Net movement in funds	84	52	98	-	234
Fund balances brought forward at 1 August 2012	69	242	919	4	1,234
Fund balances carried forward at 31 July 2013	153	294	1,017	4	1,468

The Scholarship (Alumni) Fund gives past *ifs* 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 *ifs*' 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 *ifs* from the Henry Grunfeld Foundation in March 1999 on the undertaking that the *ifs* 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.

### 18. Unrestricted funds: movements in the year

	General Fund £000s
Incoming resources	13,061
Resources expended	14,344
Net incoming resources	(1,283)
Transfers	(107)
Investment gains/losses	650
Net movement in funds	(740)
Fund balances brought forward at 1 August 2012	10,193
Fund balances carried forward at 31 July 2013	9,453

## Notes to the financial statements

Year ended 31 July 2013

### 19. Commitments

At the period end, the charity had the following annual commitments under operating leases as set out below.

	2013		2012	
	Land & Buildings £000's	Other £000's	Land & Buildings £000's	Other £000's
Operating leases which expire in				
less than one year	-	4	-	-
two to five years	27	54	27	58
over five years	854	-	708	-





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*ifs University College*  
*ifs* House, 4–9 Burgate Lane,  
Canterbury, Kent CT1 2XJ United Kingdom

**T** +44 (0) 1227 818609  
**F** +44 (0) 1227 784331/786030  
**E** [enquiries@ifslearning.ac.uk](mailto:enquiries@ifslearning.ac.uk)  
**W** [www.ifslearning.ac.uk](http://www.ifslearning.ac.uk)

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

**T** +44 (0) 20 7444 7111  
**F** +44 (0) 20 7444 7115

Registered charity number: 297107