

CELEBRATING
140
1879 YEARS 2019

**The London Institute
of Banking & Finance**

Annual Report & Accounts 2018 - 2019



libf.ac.uk

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The London Institute
of Banking & Finance

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Welcome



Alex Fraser
Chief Executive

This year we have celebrated the 140th anniversary of the Institute. We have marked the occasion with a number of initiatives and events. Thanks to the support of our members and other supporters, we have raised significant funds to help young people access financial education and study for Degrees. Throughout the year we have collected memories from members and former students whose recollections have served to highlight the crucial role the Institute has played in developing the talent for the industry across the globe. We have also looked forward and commissioned a series of essays from leading experts in the sector on the future of the industry entitled *Banking on Change*.

This year the Institute has recorded steady growth across all the different educational activities, both in the UK and internationally. Highlights have included a very strong performance in our Trade Finance and Transaction Banking portfolio, with nearly 6,000 students in 107 countries successfully completing one of our Certificates and Diplomas. Registrations for our UK Mortgage and Financial Advice suite of qualifications continue to grow despite market uncertainties and strong competition.

Our Higher Education and Financial Capability programmes for schools and colleges also performed ahead of expectations, thanks to very strong recruitment to our two undergraduate degrees and to increased registrations for our online Lessons in Financial Education.

Further afield, our international business continues to grow. Our new partnership in Abu Dhabi, focussed on developing local Emirati talent, has made a very encouraging start. In the spring of this year we opened a regional office in Singapore to better serve our clients in Southeast Asia.

During the year we launched two new centres focussed on digital and sustainability. These centres will be focal points for research and education in these important areas. Led by faculty who bring academic rigour and relevant industry experience, these centres will shine a light on these areas and help our community mitigate the risks and take advantage of the many opportunities available.

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 140 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 objectives 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 **54,000**
young people taking our financial capability qualifications each year



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



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 four 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 everyday financial skills 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.

International

Our trade finance qualifications are recognised internationally and studied in over 90 countries. They help you to enhance your knowledge and skills, demonstrate technical competence and take your career to the next level. In Abu Dhabi, we are very proud of our partnership with the ADGM Academy and are working with them to build programmes that are locally relevant but firmly set in a global context.

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 Associate status.



A global community of students and alumni in over
120 countries



140 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



Mark Heaton
Director,
Business Development

Key Strategic Priorities

- **Work with the industry, trade bodies and regulators to educate advisers in later life lending.**
- **Retain/grow market share in regulated advice and become more visible in the regulatory market with clients, at conferences and with trade bodies.**
- **Become recognised as a leading global provider of education in trade finance.**
- **In banking, focus on the completion of the banking professional qualifications framework.**

Measuring Success

Corporate & Professional Qualifications (CPQ) saw a record year in its Trade Finance qualification portfolio both in terms of growth and the number of students who registered and sat examinations. We received 6% growth in registrations with nearly 6,000 students registered from over 100 countries. Overall, Corporate & Professional Qualifications has seen its revenue rise by 6%, driven in particular by continuing buoyancy in Mortgage Advice and related Equity Release qualifications despite the ongoing challenges in the UK housing market and the continuing impact of Brexit uncertainty. Banking qualifications in business and commercial banking continue to perform well and the transition to a new professional qualifications framework, begun at the end of 2016, has now concluded with routes to Chartered Associate status for retail and commercial banking professionals now in place.

Progress During the Year

Banking: We continued our plans for qualification development and launched our new Level 6 Strategic Management & Innovation in Banking qualification in March. Considerable attention has been given to how we can best meet the needs of a rapidly transforming industry through qualifications and learning solutions that have relevant, up-to-date content and are also delivered in digital and flexible ways. We concluded stage 2 of our professional qualifications framework and will see our first completers attend our graduation and presentation ceremony this year. We attended presentation ceremonies on Malta and the Isle of Man, two long-standing partnerships that support our banking professional qualifications.

This remains a challenging area despite banking representing a rewarding and varied career. Retail

banks continue to reduce retail branch headcount and budgets for training are under pressure. Nevertheless, the need to upskill existing staff and new hires presented opportunities for the take up of our qualifications, including via apprenticeship routes and the accreditation of in-house programmes. As a result, we anticipate this will lead to additional registrations for our qualifications.

Trade Finance: This year saw record registrations and growth from our portfolio of Trade Finance qualifications, in particular from Asia. We have seen an increase in registrations to 5,770, with students registering from 107 countries from Australia to Zimbabwe. The qualifications continue to be recognised as a global industry benchmark, with several endorsed by the International Chamber of Commerce (ICC). In addition, more and more qualification holders globally re-certify their qualifications with CPD to ensure their knowledge remains up to date.

This was the first full year of running our new Certificate in Trade Finance Compliance and Certificate in Supply Chain Finance qualifications and both are gaining traction with the former supported by our growing visibility, as evidenced by strong participation in our second annual Trade Finance Compliance Conference in May. In April, our benchmark Certificate in International Trade and Finance (CITF®) went from a session-based course offered twice a year to an 'on demand' course that students can register for and sit an online assessment at any time. We have seen registrations more than double over the three month period April to June compared with the same time in 2018 and 2017.

We launched a training partnership with the International Chamber of Commerce UK (ICC UK), which will provide mutual benefits in reaching audiences in the UK for trade finance qualifications, training and events. We continue to be invited to speak at key trade and supply chain finance conferences around the world including the EBRD conferences in Tbilisi, Georgia and Kiev, and ICC Indonesia conferences.

Mortgage Advice continued to perform well despite a mixed picture in the UK housing market for first-time buyers, home movers and consumer buy-to-let mortgages, and continued Brexit uncertainty. This performance was driven, in particular, by the Equity Release qualification, which supports the considerable increase in activity within the later-life lending market. There is a growing trend in the mortgage advice market for lenders to utilise

Record year for Trade Finance
5,770
registrations from 107 countries

Equity Release increased by
35%

11%
increase in Financial Advice registrations



intermediaries rather than employ staff directly as they move to reduce direct adviser staff numbers. Enhancements were made to CeMAP® additional support materials including moving specimen papers online, which has facilitated an increase in students opting to purchase additional support. CeMAP® Professional (CeMAP® Pro), our first CPD programme for CeMAP® mortgage advisers, continued to gain traction. It is a status that mortgage advisers can display to clients, employers and peers, and ensures we support our CeMAP® qualified members in their careers.

Financial Advice: Our Diploma for Financial Advisers (DipFA®) remains one of the leading regulated financial advice qualifications on the FCA-approved list of courses and registrations increased by 11%. Consolidation in the adviser network continues at pace with a number of our key clients acquiring networks. Last year we invested heavily in our Level 6 Diploma in Financial Advice to provide more content and interactive learning elements in response to feedback from our students. We continue to observe a strong call for professional development, license-to-practice qualifications and related SPS and CPD for the regulated adviser community.

Programme Partners and Accreditation

We have focussed development resources on areas where regulatory attention might increase or where market and consumer attitudes are leading demands for trained advisers.

Working with our partners, the Finance & Leasing Association (FLA) and an automotive learning solutions provider specialising in digital and app-based learning, we launched the SAF Advanced Academy App at the end of April 2019. The App uses content from our Certificate for Automotive Finance Specialists (CertAutoFS) and is the first app-based study programme for CPQ. This aims to support firms that are active in auto finance to develop the professionalism of their staff through high standards of competency and conduct. In September 2018, the first graduate event was held for 30 students who completed the Diploma in Asset Finance. The event was co-hosted with the FLA.

We have continued to be approached by financial institutions and external training organisations to endorse or accredit training and qualifications. Our accreditation activity, consequently, remained in line with last year's strong performance.

Regulatory Bodies and Stakeholder Engagement

We proactively engage with standard setting bodies, policy makers, regulators and use our forum, the Regulatory Education Advice Panel, to promote professionalism and access to impartial high standard advice. Together with UK Finance and Equity Release lenders we supported later-life lending initiatives for the industry to ensure our qualifications, CPD offering and events support advisers as the market looks for more holistic advice.

We are working closely with the FCA to support the inclusion of membership of professional bodies in the new FCA Directory of Financial and Mortgage Advisers, which will be launched in December 2020.

Looking Ahead

To maintain our leading position in a competitive market, we will continue to invest in our qualification portfolio and other learning solutions, thereby ensuring that they meet the needs of learners and their sponsors and recruiters. Our focus on making digital enhancements and modernising and updating qualifications will continue so that we remain responsive to the needs of the sectors we support for professional qualifications.

We see further consolidation in the financial advice market (networks) with property, investments and tax planning coming together to provide holistic advice in the growing later-life lending market (55 plus). We will ensure we provide appropriate CPD to cover this requirement.

We will look to encourage progression from within our existing body of students to continue through our professional banking qualifications framework now that the Chartered Level 6 is in place.

Key Risks

- The attrition of staff in banking continues as firms undergo sweeping strategic change. This has a resultant negative impact on staff training and development.
- The threat from competitive challenge to our regulated advice qualification product offer.
- The ability to adapt qualifications and learning solutions quickly enough to meet changing needs in learning and staff development within banks and financial services firms.
- The uncertainty surrounding Brexit and the possible downturn in the economy leading to associated challenges in the housing market.

Degree Programmes



Hema Tank
Associate Dean,
Degree Programmes

Key Strategic Priorities

- **Secure our position to be internationally recognised as market leaders 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

We have continued to see revenue growth in higher education due to an increase in the number of students on our undergraduate programmes and growth in our apprenticeship programmes. In 2018/19 we experienced a 55% increase on the prior year of students commencing year one of our programmes. We have also seen a small increase in students participating in our apprenticeship programmes which are run through multiple employers.

We continue to work on enhancing our portfolio of programmes through international partnerships, specifically through our MENA regional office and the development of our postgraduate offer.

Progress During the Year

Diversity and Widening Participation: Routes to Enhanced Achievement (REACH) has been designed to increase access to our HE programmes from under-represented student populations and ultimately increase diversity in the banking and finance industry. Target areas that we are currently focusing on are BAME (Black, Asian, minority ethnic), women and mature learners. We know that these three target groups are also areas that the financial services industry is focussing on developing in their diversity agenda. By working together, we can have a more significant impact on increasing diversity across the industry.

Analysis of our application data revealed a lack of female applicants from lower socio-economic groupings. A specific intervention in support of our efforts to address this was the introduction of

'Women into Finance' Scholarships of £1,500 to support our Level 4 female applicants. As a measure of their success, we will be introducing three additional scholarships to support female applicants this year.

It is pleasing to report that, since the launch of our initiatives, our applications from female students have increased. We have seen a 9% increase in female applicants in the Polar 3 score 1+2 grouping from our 2018/2019 UCAS statistics and a 6% increase in female applicants across the board.

Initiatives for Students: We recognise the importance of keeping our portfolio of products relevant to prospective students. To achieve this, we sought and were successful in our application to the University Affiliation Scheme of the Chartered Financial Analyst Institute. This recognised the alignment of the content of our BSc (Hons) in Finance & Investment to the syllabus of the CFA Institute. We expect this to provide opportunities for our graduates who want to further specialise in the field of investment management.

Employer Connections: This year saw the launch of our first on-campus recruitment session. We had organisations such as UBS, Lloyds Banking Group and HSBC visit our campus to present on internships and graduate recruitment opportunities. The event was well attended with positive feedback from both the students and the companies who attended.

Personal Development and Employability: In September 2018 we launched a new 20-credit, Personal Development and Employability module at Level 4 covering those skills necessary to secure employment. These include self-development, CV writing, Excel and database skills as well as networking and LinkedIn development.

Student Experience: The National Student Survey (NSS) is the largest nationwide survey of student satisfaction and is designed to assess student opinion on the quality of their courses. The NSS results help institutions improve the experiences of their students whilst also providing useful information to those about to enter Higher Education for the first time. We first participated in the National Student Survey in 2015/16. We have been incredibly pleased with our results since then. The 2016/17 results saw our students award us with an overall student satisfaction score of 92%. This placed us joint 5th in the UK for student satisfaction. However, whilst the overall national level of satisfaction was slightly lower in 2017/18, it saw us placed joint 2nd in the league table (out of 142



universities) and joint 1st in London.

Looking Ahead

We will continue to develop a diverse range of programmes that will enable us to further increase our revenue. We will develop programmes that will be diverse in their delivery, mode of study and location; this will also help decrease our reliance on full-time students on campus, which has almost reached capacity. We will invest in joint initiatives with colleagues delivering our Financial Capabilities and Corporate Qualification programmes, such as offering the Certificate in Relationship Management qualification within our undergraduate degrees, thus providing our students with a bespoke and unique qualification.

We are looking to respond to the changes in the financial sector by offering new content such as Sustainable Finance, FinTech and Digital Technology within the curriculum. Through our strong networks

and connections in the sector, we will continue to work with employers in developing content, inviting them to participate as guest lecturers and as members on our deliberative committees, so that our students have the knowledge, skills and competencies to be successful in their careers.

Key Risks

- The higher education sector continues to experience change and a degree of uncertainty in respect of the long-term strategic position. For example, 2018 saw the introduction of a new higher education regulator through the creation of The Office for Students.
- Loss of brand and profiling in the sector is a key risk, especially in relation to the student experience, where a negative experience could have a significant impact on future recruitment.



Financial Capability & Community Outreach



Catherine Winter
Head of Financial
Capability -
Relationships

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 the 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 of 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 needs and disability (SEND) institutions. This has exceeded all expectations and the trend is set to continue.

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.

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, PRUs and hospital schools are now offering the LiFE programme and benefitting from the SEND guide that supports it. As members of NASEN

Our qualifications and programmes have been delivered to over

54,000

children and young people



(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 as follows:

- All CYP will get the financial education they need by 2025.
- Improve knowledge and skills.
- Increase positive attitudes and motivation.
- Increase financially capable behaviours in young people.
- Lead to a future generation of adults who make good financial decisions.

Despite the creation of the new Single Financial Guidance 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 teamwork, 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 that 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.

International



Alastair Tyler
International Director

Key Strategic Priorities

- **For our international business to prosper we need to address the changing educational needs of the banking and finance sector. Notably the impact of digital transformation (with many countries still at an early stage in this process) and the critical importance of risk and regulation and international compliance. Many of the countries we work in are emerging and transition economies.**
- **Ensuring their banking and finance workforce has the skillset and know-how is critical for their economic development plans. These factors align with our strategy to significantly grow our international business. To enable us to be well positioned to capitalise on these opportunities, we have set up two overseas offices in Abu Dhabi and Singapore.**

Measuring Success

In May 2018, we became a founding partner of Abu Dhabi Global Market Academy (ADGMA) with a mandate to develop and deliver the National Development Programme (NDP) in banking and finance. The NDP is a key part of Abu Dhabi's 2030 Vision to diversify their economy and develop local Emirati workforce with the skillset and competence to take on more specialist and senior roles across the sector. A similar strategy and approach is being pursued by other Gulf countries and this presents us with a wider opportunity across the region.

During the last 12 months we successfully launched an International Banking & Finance Certificate (Level 3) for graduate entrants of the two leading Abu Dhabi-based banks. In January 2019 we held a graduation ceremony for the first cohort of 100 who successfully completed this programme.

Progress During the Year

In April 2019, we successfully launched a postgraduate training programme for the Ministry of Finance team in Tunisia. This ground-breaking programme covers governance, risk management and strategic oversight of state-owned banks. We have developed and delivered this in partnership with two local institutes. The programme is funded by the UK government and has helped to foster a closer relationship with the Tunisian government. It is due to complete in November with training sessions for the board members of these state-owned banks.

In Uzbekistan, we have established a close working relationship with the Uzbekistan Banking Association. We have successfully delivered training courses for local bankers on SME Finance, Risk Management and Retail Banking & Digital. Our work there has allowed us to develop relationships with key agencies such as the EBRD and World Bank, who are actively engaged there.

For the last four years we have been delivering capacity-building programmes, working closely with the Cuban Central Bank. These programmes have been funded by the UK government through the Prosperity Fund.

Working with Ernst & Young in India we have been engaged as advisers on a project for the Indian government, which is seeking to develop a Stewardship Code modelled on the UK.

Programme Management and Development

We have commenced work on the next level of the NDP in Abu Dhabi - Level 5 Certificate in International Banking & Finance. With the opening of our overseas offices in Abu Dhabi and Singapore, we have broadened our international offering under the banner of 'Global Qualifications and Training'.

Our training programmes are bespoke for our corporate clients covering both technical and soft skills. Our ambition is to become the preferred learning partner for international, regional and local commercial banks. Our focus areas for these programmes are Trade & Transaction Banking, SME Finance & Credit Skills, Governance & Risk Management and Fintech & Digital.



Looking Ahead

Through our two overseas offices we plan to expand our activity across the GCC and APAC regions. An important part of this strategy will be developing a local faculty able to deliver our bespoke training programmes that combine international best practice with local contextualisation. We will develop a network of approved international partners and introducers to allow us to broaden our coverage of these two regions.

We will continue to develop our activity in Capacity Building programmes by deepening our relationship with the main development and donor agencies. Also by gaining access to key local resources by forming consortium bids with leading professional service firms' local offices.

Key Risks

- We may not be able to scale our operations quick enough to meet demand. This could be due to a particularly large contract; short notice period for delivery; requirement to develop customised training or due to our priorities and resources being focused on other areas of our business.
- Our international business has several key partnerships, especially with the ICC (global and with local ICCs) and ADGMA. We may not be able to agree terms for renewal of these contracts.
- There is a risk to our standards and brand if pass rates are low in international markets due to students being assessed in English, which is their second language. It can be difficult for learners to understand technical content due to language barriers.
- Not generating an appropriate profit margin when agreeing pricing models, underestimating costs involved and in agreeing the split with local partners. This could be further impacted by currency conversion rates.
- Our success rate in winning tender mandates for training programmes and capacity building programmes is lower than estimated, given the level of competition from larger more established global training providers.



Key Strategic Priorities

- To strengthen and support the development of skills and knowledge of staff throughout the organisation in order to encourage high levels of performance and achieve our business objectives.
- To become an employer of choice in order to recruit and retain staff to meet our business objectives.
- To reward and recognise staff appropriately for the work that they do.
- To promote the beneficial effects of health and wellbeing to our staff.
- To increase employee engagement by providing an effective communications framework.

Measuring Success

Investors in People: In 2018 we achieved accreditation at Silver Level.

Developing our People: In 2018 we achieved an average of 13 hours development per employee, an increase of 3.5 hours from the previous year.

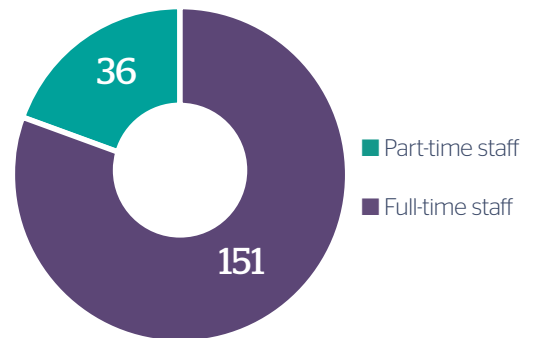
Retaining More of our People: The voluntary turnover rate in 2018 reduced to 13% from 16% in 2015.

Improving our Employer Brand: Our rating on Glassdoor over the last 12 months to July 2019 has improved to 3.9, this is 0.4 over the average company review rating.

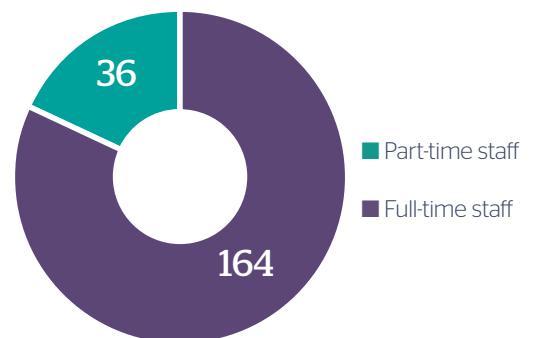
Reduced our Sickness Absence Rate: In 2018 this was down to 4.65 days per employee. CIPD figures are showing that the average rate for the private sector in 2019 is 5.9 days per individual per year. As at 31 July 2019 we are averaging 3.4 days per employee and are therefore 2.5 days per individual below the average national absence figure.

The proportion of full and part time workers is approximately the same as last year as shown above. One main aim this year has been to encourage our employees to work flexibly and we have seen an increase in the amount of flexible working requests.

31 July 2018 - Total 187 staff
(170 full-time equivalent)



31 July 2019 - Total 200 staff
(179 full-time equivalent)



Learning and Development

During the year we have expanded the development options available to include the use of coaching and mentoring and 18 people have participated in a new programme called Personal Best which focusses on having a growth mind set.

We have reviewed our performance management system and successfully trialled and implemented a new system which aligns to our business objectives and values.

We are helping develop our future workforce by offering five apprenticeships. Some participants in this programme have gone on to achieve significant promotion after completion.

We have supported our staff to study further qualifications and undertaken a training needs analysis across the organisation to plan for future skills needs.



Reward

Our annual market rating exercise continues to be a great way to ensure our retention rate is as high as possible, and we review our reward and recognition processes on a regular basis implementing revised schemes where appropriate.

In the last 12 months we have reviewed and changed pension providers and introduced an online GP service.

Recruitment and Retention

We are continuing to develop a brand with a unique selling point to enable us to become an employer of choice. Our focus in the last 12 months has been to improve our public employer profile.

To improve retention we have started to look at our career development processes and make opportunities available for employees within the organisation.

Engagement

Employee engagement continued to be a focal point. In the last 12 months further Town Hall meetings have been held to publicise and discuss our strategy with all employees along with providing further feedback mechanisms and ways of communicating such as 'An audience with...' and our staff representation group, Your Voice.

More inter-department projects such as Team 2023 have occurred and work has been undertaken within project groups to look at embedding the values further.

As part of our 140th year celebrations, an original Institute of Bankers sign was crowd-funded by staff and presented to the Institute.

Wellbeing

We formed a Wellbeing Group in 2018 who actively aim to increase awareness and understanding of good physical and mental health. We hold regular wellbeing days and activities to promote healthy living. We have offered on-site fitness classes, massages, mindfulness sessions and our annual flu vaccination programme.

We have a regular programme of learning and development around health and wellbeing, eg mental health and building resilience. We have a number of people at our sites that are Mental Health First Aiders.

Looking Ahead

In the coming year we are planning to continue to work on the key five HR strategic themes aiming to support the business areas to achieve their objectives.

Our focus will be on developing our talent management practices, embedding our values further within the organisation, working towards achieving Investors in People Gold for our re-accreditation in 2021 as well as monitoring the health and wellbeing of our people and improving our employer profile.

Key Risks

- When the UK leaves the EU there may well be changes in legislation that affect the people side of our business, to which we will have to adapt or amend our practices.
- The saturated recruitment market, especially in London, may make recruitment more difficult and the retention of our current people a key focus in the next 12 months.

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;
- we afford our students, members, subscribers and employees the opportunity to fulfil their potential;
- we promote a supportive environment for staff, students and visitors.



50 *staff volunteered*
from 1 August 2018 - 31 July 2019



Sustainability

Since last year, we have been focusing our efforts on staff awareness and changing the culture within the organisation. However, some of the work we do through our business areas has also been recognised for its contribution to the UN's sustainable development goals (SDGs), and our Facilities Management team has worked hard to make us more energy efficient.

We have embedded a sustainability presentation as part of our staff induction, so that all staff understand which UN SDGs we're working towards, why and how.



The Sustainability ImpAct team has grown from 8 members to 13 members, bringing a wider range of ideas and skills. The team is supported throughout the organisation on an ad-hoc basis by our Design team, our multimedia producer and other enthusiastic staff.

ImpAct Week was held in June 2019, in both Canterbury and London offices, with talks and activities promoting understanding of issues around sustainability. These included an interactive quiz, talks from external and internal guests, blogs, seed planting and lunchtime walks.

We have increased the number of intranet blogs related to our SDG themes to at least one a month. These include staff blogs on taking paternity leave, why we're doing an energy audit, the dangers of plastic, sustainability events, like cycling to work, mental health awareness and a regular contribution on reducing your carbon footprint.



We promoted, and some people took part in, Cycle to Work Day, 8 August.

In May 2019 we celebrated Mental Health Week, including mindfulness sessions, pilates and an hour out of work for staff to rest. There are plans to continue these activities on a regular basis.

We now have a qualified counsellor onsite once a week during term time for students.

Staff champion leads for Sustainability, Diversity and Wellbeing have agreed to co-ordinate activities and promotions, and to work together to promote our sustainable development goals.

We launched REACH (Routes to Enhancing Achievement) in 2018 and 93 young people have attended so far. We are working with other organisations to increase these numbers.



We have also encouraged and supported the development of our Women in Finance Student Society and held a gender equality day as part of ImpAct Week.

Staff in Canterbury and London are collecting crisp packets, which are sold to a company called Terracycle for recycling. The money is donated to the Kent Air Ambulance Service.

We have changed our pension provider to Royal London, who are a mutual and offer a bigger range of ethical investment options to our staff.

We have been shortlisted in two categories for the Green Gown Awards, for our LiFE and REACH programmes.

We're commissioning a specialist company to conduct an energy audit, which will measure and record when, where, and how we are using energy, and make recommendations for reduction.

Our Facilities Management team have taken part in a sustainability improvement programme at Peninsular House, with the landlord and the consultancy firm, Evora. This has led to a building-wide energy saving of over 13% with minimal capital expenditure on technology and an annual CO₂ reduction of 55 tonnes.

Staff volunteer days have been very successful with 50 employees taking up the opportunity to volunteer, and many writing about the experience afterwards for the intranet.

Financial Review – Results for the Year Ended 31 July 2019



Ian Parrett
Chief Operating Officer

Introduction

As an educational charity incorporated under Royal Charter, we use all our 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 Institute is supported in its activities by its wholly owned subsidiary, LIBF Learning Limited, whose main activities encompass sponsorship and events, and LIBF MENA Limited, which covers all activities within Abu Dhabi.

The deficit of £1.166m, shown in the consolidated statement of comprehensive income and expenditure on page 31, is broken down as follows:

	Income £000	Expenditure £000	Deficit £000
General fund	16,888	-17,395	-507
Restricted funds	34	-337	-303
Strategic investment	-	-165	-165
Depreciation	-	-191	-191
	16,922	-18,088	-1,166

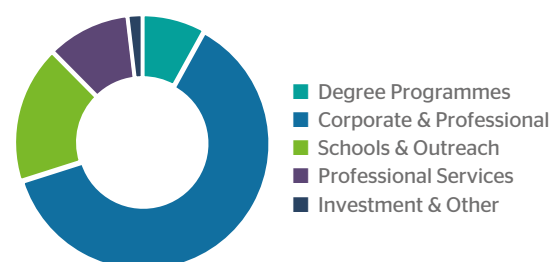
The general fund is the primary fund against which underlying financial performance is measured. We look to generate a surplus to produce sufficient cash to support strategic objectives and long-term sustainability targeting an annual surplus as a % of revenue of between 5%-10%. Depreciation, investment 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 that have been designated by the board separately from the general fund for major projects.

Income

Total income from continuing operations for 2018/19 was £16.922m, an increase of 7.9% over the previous year's total of £15.680m, with the key revenue analysis as follows:



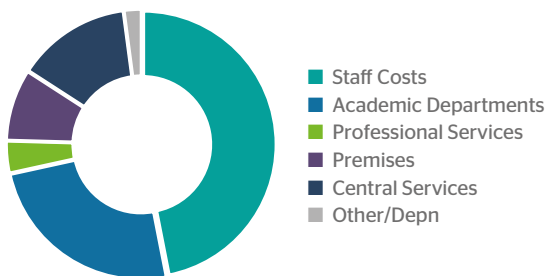
Revenue from full-time degree programmes increased by 36% to £943k following much larger intakes for both 2017/18 and 2018/19 academic years, which has significantly increased the overall number of students. Demand for part-time courses has increased with the introduction of degree apprenticeships.

Corporate and Professional Qualifications revenue grew by 10.7% to £10.5m, with demand for mortgage advice, financial advice and trade finance qualifications increasing.

For the third year running, there was an increase in registrations for Financial Capability qualifications with growth in revenue of over 7% and the number of schools delivering qualifications exceeding 750.

Professional services revenue fell 8.9% with a reduction in revenue from events combined with a drop in membership revenue.

Total expenditure for 2018/19 was £18.088m, an increase of 12% over the previous year's total from continuing operations of £16.156m with the key analysis as follows:



Staff costs increased by 7% to £8.5m. This represents 50% of income (2017/18 49%). Costs for academic departments increased by 11% to £4.46m reflecting the increased volumes delivered during the year. Costs of professional services were similar to the previous year whilst premises costs increased following rent reviews at the beginning of the year.

Investments

At 31 July 2019, we held fixed-asset investments with a market value of £3.623m (compared with £4.576m in 2018).

The Trustees, through the Senior Executive Team, delegate the discretionary powers of management of our fixed-asset investments to our 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

We operate 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 fallen to 107% funding at the 31 December 2018 review. The FRS102 surplus as at 31 July 2019 was £0.466m, 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) that we should generate each year, broadly 5-10% of revenue. The budget for 2019/20 is based on achieving a surplus of around 2.5% of revenue with the longer term strategic plan indicating that the required target will be achieved within the next five 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 decreased by £776k to £2.933m as follows:

	2018/19 £000	2017/18 £000
General reserves brought forward	3,709	3,603
Surplus/(deficit) in general funds	-507	123
Strategic investments and capital	-361	-147
Investment gains	92	130
General reserves carried forward	2,933	3,709
Represented by: unrestricted income and expenditure reserve	4,961	5,732
Less: tangible fixed assets	-2,028	-2,023
	2,933	3,709

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.

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 Charity Governance Code published by the Charity Governance Code Steering Group (a cross-sector collaboration with an independent chair). 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 and the HE Senior Staff Remuneration Code, both published by the Committee of University Chairs.

Constitution

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

Charter

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

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

The Trustees are cognisant of the Charity Commission guidance on public benefit and, in particular, guidance for fee-charging charities.

The Trustees are satisfied with the steps they have taken in this regard.

Board of Governors

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

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

Statement of Responsibilities of the Board of Governors

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

The Charities Act 2011 requires the Governors to prepare financial statements for each financial year. The Governors have to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of our state of affairs, and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting for Further and Higher Education;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.



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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on our website. Legislation in the UK 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 Senior Executive 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. Governors are required to complete a register of interests and a fit and proper person declaration.

Board of Governors (Trustees)

The Trustees as at 28 November 2019 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 doctoral students.

Alex Fraser

John Annette (appointed September 2018)

Maria Carapeto

Harry Crossley Student Representative

Sabrina Del Prete (appointed March 2019)

Shelley Doorey-Williams

Elona Gega Student Representative

Paul Gordon (appointed September 2019)

David Kennedy

Ali Miraj

Sakhila Mirza

Philip O'Shea (appointed September 2018)

Annabel Todd (appointed February 2019)

Arjan van den Berkmortel (appointed September 2019)

Damian Ward

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

Amanda Francis (resigned September 2019)

Saajid Patel Student Representative (resigned November 2018)

Jakob Pfaudler (resigned March 2019)

Ian Stuart (resigned March 2019)

Committees of the Board of Governors

Board of Governors			
Academic Board	Audit Committee	Remuneration and Nominations Committee	Executive Committees

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 are responsible for the delivery of the academic programmes who does not manage other staff engaged in such delivery. The principal functions of the Academic Board include to:

- guide the Board of Governors on educational strategy, legislation relating to educational provision, regulatory requirements affecting the award of degrees and the implications of the development of further or revised academic provision;
- approve courses and programmes of study leading to academic awards and all significant amendments or discontinuance;
- regulate all instruction, teaching and research;
- prescribe the criteria, procedures and guidelines for the assurance and the quality and standards of all courses and programmes of study and research;
- prescribe the requirements concerning all matters of academic sufficiency under which persons shall be permitted to pursue their studies.

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



Board members and external members of the committee are:

Alex Fraser (Chair)
Mathew Baker
Maria Carapeto
Ella Fox
Tony Gandy
Peter Hahn
John Hearn
Renier Lemmens
Heather McLaughlin
Ross David Miles
Nick Moore
Osy Plummer
Hema Tank
Damian Ward
Sullen White
Simon Wolfe

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.

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

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)
Damian Ward (Chair for discussion on Remuneration)
Sakhila Mirza

Executive Committees

The Senior Executive Team comprise fortnightly meetings of business heads, which focus on strategy creation, budgets and financial review, and quarterly meetings of the Operating Committee, which oversees the successful management of operational risk, regulatory compliance and project management for shared services.

Senior Executive Team

Alex Fraser, Chief Executive
Maria Carapeto, Head of Faculty, Associate Professor
Jo Collins, Director, Professional Services
Peter Hahn, Dean, Henry Grunfeld Professor of Banking
Mark Heaton, Director, Business Development
Linden Muirhead, Director, Learning Provision
Ian Parrett, Chief Operating Officer
Chris Ray, Director of Innovation and Transformation
Hema Tank, Associate Dean, Degree Programmes
Alastair Tyler, International Director
Suellen White, Associate Dean, Quality, Policy and Regulation
Catherine Winter, Head of Financial Capability - Relationships

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:



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
1 Minster Court, Mincing Lane,
London
EC3R 7AA

External auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Internal auditor

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

Investment manager

Rathbones Investment Management Ltd
8 Finsbury Circus
London
EC2M 7AZ

The Report of the Board of Governors was approved by the Board of Governors on 28 November 2019 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 22, 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 28 November 2019 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 institute') and its subsidiaries (the 'group') for the year ended 31 July 2019, 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 the parent Institute's affairs as at 31 July 2019, and of the group's and the parent Institute's income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for Opinion

We have been appointed as auditor under the Royal Charter and Section 144 of the Charities Act 2011 and report in accordance with those regulations. 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 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.

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's or the parent Institute'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 is 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 to 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.

Opinion on other matters prescribed by the Office for Students' (OfS) Terms and Conditions of Funding for Higher Education Institutions (issued March 2018) and the OfS's accounts direction (issued June 2018).



In our opinion, in all material respects:

- funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them; and
- the requirements of the OfS's accounts direction (issued June 2018) have been met.

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 Report of the Board of Governors inconsistent in any material respect with the financial statements; or
- the parent institute has not kept sufficient and proper accounting records; or
- the parent 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 the Board of Governors for the Financial Statements

As explained more fully in the Statement of Responsibilities of the Board of Governors, pages 20 and 21, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Board of Governors 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 institute's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Institute 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.

Use of our Report

This report is made solely to the Institute's Board of Governors', as a body, in accordance with the Charter of the Institute and in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Institute's Board of Governors' those matters we are required to state to it 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 Institute and the Institute's Board of Governors' as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
London

28 November 2019

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

Statement of Principal Accounting Policies

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

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investments and certain tangible assets. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): accounting for further and higher education 2015, and in accordance with Financial Reporting Standard FRS102. We are a public benefit entity and have therefore applied the relevant public benefit requirements of FRS102. The functional currency is 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 break-even positions. Investments in capital and other strategic projects are carefully reviewed and the Governors only undertake such investments with the knowledge that the Institute will remain solvent, and are likely to add value as a result of the investment. The Governors are satisfied that the Institute has adequate resources to continue in operation for the foreseeable future, and for this reason the governors consider that the accounts of the Institute should be prepared on a going concern basis.

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

b) Basis of consolidation

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

The subsidiary company, Institute of Financial Services Limited, has remained dormant throughout the period. Both LIBF Learning Limited and LIBF MENA 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 and when receipt is probable. 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 the life of the lease
Computer hardware and software	33% per annum on cost
Furniture and equipment	25% per annum on cost

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

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

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

i) Investments

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

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

j) Stock and work in progress

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

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

k) Cash and cash equivalents

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

l) Taxation

We are an exempt charity within the meaning of the Charities Act 2011 and, as such, are a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. Accordingly, we are potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the Income and

Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. We receive no similar exemption in respect of value added tax.

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

m) Reserves

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

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

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



Consolidated statement of comprehensive income and expenditure for the year ended 31 July 2019

	Year ended 31 July 2019			Year ended 31 July 2018			
	Continuing Operations £000s	Discontinued Operations £000s	Total £000s	Continuing Operations £000s	Discontinued Operations £000s	Total £000s	
Income							
Tuition fees and education contracts	1	14,828	-	14,828	13,277	-	13,277
Other income	2	1,941	-	1,941	2,258	459	2,717
Investment income	3	135	-	135	131	-	131
Donations		18	-	18	14	-	14
Total income		16,922	-	16,922	15,680	459	16,139
Expenditure							
Staff costs	4	8,487	-	8,487	7,779	122	7,901
Other operating expenditure	5	9,410	-	9,410	8,156	316	8,472
Depreciation	6	191	-	191	221	-	221
Total expenditure		18,088	-	18,088	16,156	438	16,594
(Deficit) before other gains losses and share of operating (deficit) of joint ventures and associates		(1,166)	-	(1,166)	(476)	21	(455)
Gains on investment assets	7	108	-	108	192	-	192
(Deficit) for the financial year		(1,058)	-	(1,058)	(284)	21	(263)
Total comprehensive income for the year		(1,058)	-	(1,058)	(284)	21	(263)
Represented by:							
Restricted comprehensive income for the year		(287)	-	(287)	(235)	-	(235)
Unrestricted comprehensive income for the year		(771)	-	(771)	(49)	21	(28)
		(1,058)	-	(1,058)	(284)	21	(263)

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 2019

	Year ended 31 July 2019			Year ended 31 July 2018			
	Continuing Operations £000s	Discontinued Operations £000s	Total £000s	Continuing Operations £000s	Discontinued Operations £000s	Total £000s	
Income							
Tuition fees and education contracts	1	14,460	-	14,460	13,277	-	13,277
Other income	2	1,921	-	1,921	2,135	384	2,519
Investment income	3	155	-	155	222	-	222
Donations		18	-	18	14	-	14
Total income		16,554	-	16,554	15,648	384	16,032
Expenditure							
Staff costs	4	8,487	-	8,487	7,779	122	7,901
Other operating expenditure	5	9,018	-	9,018	8,124	241	8,365
Depreciation	6	191	-	191	221	-	221
Total expenditure		17,696	-	17,696	16,124	363	16,487
(Deficit) before other gains losses and share of operating (deficit)/surplus of joint ventures and associates		(1,142)	-	(1,142)	(476)	21	(455)
Gains on investment assets	7	108	-	108	192	-	192
(Deficit) for the financial year		(1,034)	-	(1,034)	(284)	21	(263)
Total comprehensive income for the year		(1,034)	-	(1,034)	(284)	21	(263)
Represented by:							
Restricted comprehensive income for the year		(287)	-	(287)	(235)	-	(235)
Unrestricted comprehensive income for the year		(747)	-	(747)	(49)	21	(28)
		(1,034)	-	(1,034)	(284)	21	(263)

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 2019

Consolidated	Unrestricted	Restricted	Total
Balance at 1 August 2017	5,760	1,173	6,933
(Deficit) from the income and expenditure account	(28)	(235)	(263)
	(28)	(235)	(263)
Balance at 1 August 2018	5,732	938	6,670
(Deficit) from the income and expenditure account	(771)	(287)	(1,058)
Total comprehensive income for the year	(771)	(287)	(1,058)
Balance at 31 July 2019	4,961	651	5,612


Institute	Unrestricted	Restricted	Total
Balance at 1 August 2017	5,760	1,173	6,933
(Deficit) from the income and expenditure account	(28)	(235)	(263)
	(28)	(235)	(263)
Balance at 1 August 2018	5,732	938	6,670
(Deficit) from the income and expenditure account	(747)	(287)	(1,034)
Total comprehensive income for the year	(747)	(287)	(1,034)
Balance at 31 July 2019	4,985	651	5,636

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

Consolidated and institute balance sheets as at 31 July 2019

	Notes	As at 31 July 2019		As at 31 July 2018	
		Consolidated £000s	Institute £000s	Consolidated £000s	Institute £000s
Non-current assets					
Fixed assets	6	2,028	2,028	2,023	2,023
Investments	7	3,623	3,623	4,576	4,576
		5,651	5,651	6,599	6,599
Current assets					
Stock and work in progress	8	55	55	56	56
Trade and other receivables	9	2,865	2,906	2,185	2,206
Cash at bank and in hand		2,160	2,103	3,084	3,023
		5,080	5,064	5,325	5,285
Creditors: amounts falling due within one year	10	(5,039)	(4,999)	(5,175)	(5,135)
Net current assets		41	65	150	150
Total assets less current liabilities		5,692	5,716	6,749	6,749
Provisions					
Pension provisions	18	-	-	-	-
Other provisions	11	(80)	(80)	(79)	(79)
Total net assets		5,612	5,636	6,670	6,670
Restricted funds					
Income and expenditure reserve - restricted	13	651	651	938	938
Unrestricted reserves					
Income and expenditure reserve - unrestricted		4,961	4,985	5,732	5,732
Pension reserve	18	-	-	-	-
		4,961	4,985	5,732	5,732
Total Reserves		5,612	5,636	6,670	6,670

The financial statements were approved by the board on 28 November 2019 and signed on its behalf on that date by:


Steven Haberman
Chair


Alex Fraser
Chief Executive and Accountable Officer

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



Consolidated statement of cash flows for the year ended 31 July 2019

	Notes	2019 £000s	2018 £000s
Cash flow from operating activities			
(Deficit) for the year		(1,058)	(263)
Adjustment for non-cash items			
Gains on investments and property	7	(108)	(192)
Investment income	3	(135)	(131)
Depreciation, profit on sale and amortisation	6	191	221
Decrease/(increase) in stocks		1	(3)
Net (increase) in debtors		(680)	(106)
Net (decrease) in creditors and provisions		(135)	(160)
Net outflow from operating activities		(1,924)	(634)
Cash flows from investing activities			
Investment income	3	135	131
Payments to acquire tangible fixed assets	6	(196)	(87)
Payments to acquire investments	7	(1,322)	(1,045)
Receipts from sales of investments	7	2,319	1,475
		936	474
(Decrease) in cash and cash equivalents in the year	14	(988)	(160)
Cash and cash equivalents at the beginning of the year	14	3,218	3,378
Cash and cash equivalents at the end of the year	14	2,230	3,218

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

Notes to the financial statements

for the year ended 31 July 2019

	2019 Consolidated £000s	2019 Institute £000s	2018 Consolidated £000s	2018 Institute £000s
1. Tuition fees and education contracts				
Higher Education students				
Full-time Home/EU students	943	943	693	693
Part-time	422	422	334	334
Financial capability qualifications	2,959	2,959	2,762	2,762
Corporate and professional qualifications	10,504	10,136	9,488	9,488
	14,828	14,460	13,277	13,277
2. Other income				
Professional and alumni services	1,778	1,697	1,935	1,795
ProShare	-	-	599	140
Rent receivable	163	-	183	-
Management charges	-	224	-	584
	1,941	1,921	2,717	2,519
3. Investment income				
UK equities	63	63	60	60
Overseas equities	18	18	15	15
Fixed interest	14	14	17	17
Alternatives	26	26	30	30
Deposits	14	14	9	9
Gift aid	-	20	-	91
	135	155	131	222



Notes to the financial statements for the year ended 31 July 2019

4. Staff costs	2019	2018
Group and Institute	£000s	£000s
Wages, salaries and fees	7,288	6,798
Social security costs	745	698
Pension cost	454	405
	8,487	7,901

Remuneration of the Chief Executive		
Emoluments	195	193
Pension costs	10	4
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	100	95
Professional services	29	28
Premises	7	7
Central services	43	40
	179	170

The remuneration of higher paid staff, excluding pension contributions in excess of £100,000 was:

£100,000 - £104,999	-	2
£105,000 - £109,999	2	1
£110,000 - £114,999	1	-
£135,000 - £139,999	-	1
£140,000 - £149,999	1	-
£150,000 - £154,999	-	1
£155,000 - £159,999	1	-
£190,000 - £194,999	-	1
£195,000 - £199,999	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 Senior Executive Team. The total employment benefits of the key management personnel were £1,643,085 (2018 £1,653,785). No Board member has received any remuneration/waived payments from the group during the year in respect of their services to the Board.

Notes to the financial statements

for the year ended 31 July 2019

5. Other operating expenditure	2019 Consolidated £000s	2019 Institute £000s	2018 Consolidated £000s	2018 Institute £000s
Other operating expenses included:				
Academic departments and support services	4,458	4,066	4,018	3,911
Professional services	702	702	692	692
Premises	1,570	1,570	1,472	1,472
Central services	2,514	2,514	2,148	2,148
Restricted funds	121	121	82	82
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	5	5	20	20
	9,410	9,018	8,472	8,365

6. Fixed assets

Group and Institute	Freehold property £000s	Leasehold improvements £000s	Computer installation, furniture and equipment £000s	Total £000s
Cost				
At 1 August 2018	1,664	1,534	1,701	4,899
Additions	-	-	196	196
Disposals	-	-	(77)	(77)
At 31 July 2019	1,664	1,534	1,820	5,018
Depreciation				
At 1 August 2018	96	1,194	1,586	2,876
Charge for the period	27	100	64	191
Disposals	-	-	(77)	(77)
At 31 July 2019	123	1,294	1,573	2,990
Net book value				
At 31 July 2019	1,541	240	247	2,028
At 31 July 2018	1,568	340	115	2,023

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.



Notes to the financial statements for the year ended 31 July 2019

	General £000s	Restricted £000s	2019 Total £000s	2018 Total £000s
7. Non-current investments (consolidated & institute)				
Investments at cost				
Managed funds				
UK equities	1,104	420	1,524	1,378
Overseas equities	838	-	838	1,208
UK fixed interest	281	-	281	416
Alternatives	487	22	509	854
Cash	63	7	70	134
	2,773	449	3,222	3,990
Investments at market value				
Managed funds				
UK equities	1,160	425	1,585	1,490
Overseas equities	1,153	-	1,153	1,637
UK fixed interest	273	23	296	404
Alternatives	519	-	519	911
	3,105	448	3,553	4,442
Cash	63	7	70	134
	3,168	455	3,623	4,576
The movement of investments is represented by:				
Carrying value (market value) at the beginning of the year	3,867	575	4,442	4,680
Payments to acquire investments	785	537	1,322	1,045
Receipts from sales of investments	(1,639)	(680)	(2,319)	(1,475)
Investment gains	92	16	108	192
Carrying value (market value) at the end of the year	3,105	448	3,553	4,442

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 (2018 £5).

	Holding	Nature of Business
LIBF 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	Dormant
The London Institute of Banking & Finance (MENA) Ltd	100% £1 Ordinary shares	Education in MENA region

The results of the limited companies, which are incorporated into the statement of income and expenditure and balance sheet are:

	<i>ifs</i> ProShare Limited		LIBF Learning Limited		LIBF (MENA) Ltd	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Income	-	459	244	323	368	-
Expenditure	-	(438)	(224)	(253)	(392)	-
Surplus/(deficit) for the year	-	21	20	70	(24)	-
Current assets	-	37	24	16	437	-
Creditors	-	(37)	(24)	(16)	(461)	-
Total net assets	-	-	-	-	(24)	-

Notes to the financial statements

for the year ended 31 July 2019

8. Stock and work in progress Group and Institute	2019 £000s	2018 £000s
Publications and sundry stock	55	56
	55	56

9. Trade and other receivables	2019 Consolidated £000s	2019 Institute £000s	2018 Consolidated £000s	2018 Institute £000s
Due within one year				
Members and trade debtors	2,123	1,719	1,598	1,567
Amounts owed from subsidiary company	-	445	-	52
Amount due from staff pension fund	-	-	1	1
Other debtors	40	40	27	27
Prepayments	660	660	559	559
Due after more than one year				
Members and trade debtors	42	42	-	-
	2,865	2,906	2,185	2,206

10. Creditors: amounts falling due within one year	2019 Consolidated £000s	2019 Institute £000s	2018 Consolidated £000s	2018 Institute £000s
Trade creditors	1,531	1,529	1,393	1,356
Other creditors and accruals	1,216	1,199	1,250	1,250
Taxation and social security	188	171	178	178
Deferred income (note 12)	2,104	2,100	2,354	2,351
	5,039	4,999	5,175	5,135

11. Provision for liabilities Group and Institute	Post- Retirement Healthcare £000s
Balance at 1 August 2018	79
Amounts released during the year	(6)
Discount charges for the year	4
Charged to income and expenditure account	3
Balance at 31 July 2019	80

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% (2018 5.0%) and a rate of increase in medical costs of 7% (2018 7%).



Notes to the financial statements for the year ended 31 July 2019

12. Deferred income

	Balance at 1 Aug 18 £000s	Released £000s	Income £000s	Balance at 31 Jul 19 £000s
Subscriptions	416	(416)	402	402
Qualifications	1,840	(1,840)	1,614	1,614
Life subscriptions	95	(11)	-	84
Institute	2,351	(2,267)	2,016	2,100
Membership and support	3	(3)	4	4
Group	2,354	(2,270)	2,020	2,104

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	2019 Total £000s	2018 Total £000s
Income	18	7	9	-	34	26
Expenditure	-	(38)	(299)	-	(337)	(295)
	18	(31)	(290)	-	(303)	(269)
Increase in market value of investments	-	7	9	-	16	34
	18	(24)	(281)	-	(287)	(235)
Fund balances brought forward at 1 August	127	237	570	4	938	1,173
Fund balances carried forward at 31 July 2019	145	213	289	4	651	938
Represented by:						
Investments	-	213	242	-	455	578
Net current assets	145	-	47	4	196	360
	145	213	289	4	651	938

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.

Notes to the financial statements

for the year ended 31 July 2019

14. Reconciliation of cash flow to balance sheet

	Balance at 1 Aug 18 £000s	Cash flows £000s	Balance at 31 Jul 19 £000s
Cash at bank and in hand	3,084	(924)	2,160
Cash held with investments	134	(64)	70
	3,218	(988)	2,230

15. Lease obligations

Total rentals payable under operating leases

	2019		2018	
	Land & Buildings £000s	Other £000s	Land & Buildings £000s	Other £000s
Future minimum lease payments due				
Not later than 1 year	875	32	1,034	38
Later than 1 year and not later than 5 years	3,427	58	3,955	78
Later than 5 years	3,373	-	-	-
Total lease payments due	7,675	90	4,989	116

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 2019 (2018 nil).



Notes to the financial statements

for the year ended 31 July 2019

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 2019 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 2019 by a qualified independent actuary as follows:

	2019	2018
Discount rate	2.0%	2.6%
Pension increases pre 2006 excess over GMP	2.4%	2.3%
Pension increases post 2006 pension	2.4%	2.3%
Price inflation (CPI)	1.9%	1.8%
Assumed life expectancies on retirement at age 60 are:		
Retiring today		
Males	27.9	27.8
Females	28.9	28.8
Retiring in 20 years' time		
Males	29.3	29.3
Females	30.5	30.4

The assets in the scheme were:

	Value at 31 Jul 19 £000s	Value at 31 Jul 18 £000s	Value at 31 Jul 17 £000s
Investment fund	20,217	21,399	24,154
Matching fund	26,232	21,455	19,600
Fair value of scheme assets	46,449	42,854	43,754

The actual return on assets over the period was:

	2019 £000s	2018 £000s
Present value of funded obligations	(45,983)	(40,426)
Fair value of scheme assets	46,449	42,854
Surplus in funded scheme	466	2,428
Irrecoverable surplus	(466)	(2,428)
Net liability in balance sheet	-	-

Notes to the financial statements

for the year ended 31 July 2019

	2019 £000s	2018 £000s
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Benefit obligation at the beginning of the year	40,426	42,225
Interest cost	1,031	1,036
Actuarial gain/(loss)	5,875	(1,230)
Past service cost	202	-
Benefits paid	(1,551)	(1,605)
Liabilities at the end of year	45,983	40,426
Analysis of movement in the present value of scheme assets		
Fair value of scheme assets at beginning of year	42,854	43,754
Expected return on scheme assets	1,094	1,074
Actuarial gain/(loss)	4,052	(369)
Benefits paid	(1,551)	(1,605)
Fair value of scheme assets at end of year	46,449	42,854
Analysis of amount recognised in the comprehensive income and expenditure account		
Service cost - including current service cost, past service cost and settlements	202	-
Service cost - administrative cost	-	-
Total expense	202	-
Remeasurement of the net defined benefit liability/(asset) to be shown in other comprehensive income		
Actuarial gains/(losses) on the liabilities	5,875	(1,230)
Return on assets, excluding interest income	(4,052)	369
Change in the amount of surplus that is not recoverable, excluding interest income	(2,025)	861
The measurement of the net defined benefit liability/(asset) to be shown in other comprehensive	(202)	-



Notes to the financial statements for the year ended 31 July 2019

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 £466,000.

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 £80,000.



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