



Annual **Report** and **Accounts** 2011/12

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

2011-2012 Trustees' report

Despite tough economic conditions and political uncertainties, the *ifs* School of Finance continued to make good progress in developing its three core business areas.

As this report demonstrates in some detail, the *ifs* has worked hard to maximise the use of its taught degree-awarding powers. The *ifs* launched new programmes and has further developments in the pipeline so that by 2015 it will have five honours undergraduate degrees and a prestigious masters all focusing on the full range of skills and knowledge needed by the financial services sector.

As the only professional body in the UK able to award its own degrees, the *ifs* is acutely aware of the need to enhance continually the quality of all its activities. It has set for itself a very high bar in terms of the relevance and standards of its qualifications. The *ifs* is about providing quality professional education at degree level. It sets out to combine both the vocational and professional skills required to work in the sector with the ability to analyse and synthesise complex and abstract concepts that provide the hallmark of a challenging academic qualification. Working in the world of financial services requires its practitioners to be adept at dealing with the practical as well as the conceptual.

The *ifs* is proud to have degree-awarding powers and strives every day to ensure that the quality of what it does is never compromised. The staff and the Trustees of the *ifs*, a charity with a Royal Charter, recognise that they share responsibility with the rest of the Higher Education sector to protect and enhance the reputation of UK education.

The responsibilities of the *ifs* go beyond HE. The *ifs* has a substantial and growing presence in schools and colleges providing to the 14 – 19 age range essential financial capability education. Not only do these GCSE, AS and A level-equivalent qualifications provide clear and demonstrable pathways to a career in the financial services sector as well as broader business and accountancy professions, they are also the bedrock of an essential life skill.

The *ifs* continues to face the challenge of getting across the message that financial

capability is an essential skill in its own right that everybody needs to have. It is not maths. It is, amongst many other aspects, essentially about behaviour.

All forms of learning require structure: a clearly stated set of outcomes (syllabus), how they are to be taught and then there has to be some sort of assessment. Without asking 'what has been learned and can you apply it', learning does not happen. Simply dumping incomprehensible information in brochures and on web sites achieves absolutely nothing. There is ample research evidence to back this up.

The *ifs* is an educational charity. It is proselytising the value of structured financial capability education because there is an urgent need for British citizens to engage and learn how to deal with money. The *ifs* is not doing this for its own benefit. The *ifs* has not argued for financial capability to become compulsory per se, but for it to be compulsory to deliver it if there is demand.

The *ifs* also has substantial involvement in providing 'licence to practise' qualifications required of financial and mortgage advisers before they may practise. And, over the past decade, the *ifs* has established the international benchmark in international trade and finance with its Certified Documentary Credit Specialist qualification now taken by thousands of students every year in some 65 countries. This whole area of trade and enterprise is part of a wider development to degree level along with our partners, the Paris-based International Chambers of Commerce.

Following on from the crash of 2008 there has been a great deal of publicity around 'standards' in banking practice. There have been many inquiries into what went wrong. There are no 'quick fixes'. This is about cultural change. The only way to do that is through education. Customer service and confidence is only improved through providing a highly educated workforce that also understands what is right and wrong. The *ifs* provides such education, especially through its 'conduct of business' qualifications for both the customer-facing practitioners in the commercial and retail sectors. There is no substitute for education.

Professional Higher Education

The *ifs* School of Finance has continued to consolidate its position as a leading provider of professional higher education through a programme of diversification and enhancement.

Following a successful launch in 2011 of the full-time BSc (Hons) in Banking Practice & Management, applications to study *ifs* full-time undergraduate programmes in 2012 increased by over 130% in contrast to the national decline in UCAS applications. Key issues driving this trend include the employability opportunities offered by the *ifs* and the pathway presented for students already studying *ifs* A-level qualifications, the Certificate and Diploma in Financial Studies. Scholarships are offered to high-performing students of these qualifications, who represent over half of the full-time cohort.

The *ifs* MSc in Banking Practice and Management was launched in both full-time and part-time study modes, incorporating the interim awards of Postgraduate Certificate and Postgraduate Diploma. The first cohort attracted senior employees from all the major UK banks as well as international students. Graduates of the programme are eligible for Chartered Fellowship of the *ifs* School of Finance subject to qualifying experience and continuing professional development activity.

The first annual review of the *ifs* Postgraduate Certificate in Higher Education commended the programme, which has since achieved accreditation by SEDA (the Staff and Educational Development Association).

The grant of Tier 4 status to the *ifs* for international student registrations was confirmed in 2011. The *ifs* accepted a request from HEFCE to participate in the London Metropolitan University clearing house, but chose not to recruit. Arrangements are in place for international recruitment through established colleges that also work with Russell Group universities and an application has been submitted for Highly Trusted Status.

A dispersed campus strategy, to enable delivery of *ifs* full-time programmes initially in

Birmingham, Leeds and Manchester is being implemented for 2013/14 entry. A particular emphasis is placed on delivery of a consistent student experience, regardless of location.

The level of corporate student registrations was maintained with a number of bespoke programmes developed to blend internally delivered learning with *ifs* professional qualifications. Corporate commitment has been secured to a broad internship programme for full-time *ifs* students that offers benefits for both the student and the corporate providing the opportunity.

Following announcement of the Chancellor's review of professional standards in banking, the *ifs* issued a statement recognising that whilst more needs to be done there are clear examples of good practice across the industry. A briefing note was submitted to MPs and the *ifs* provided input to the inquiry. All alumni eligible (through achievement of an *ifs* degree and maintenance of a CPD programme) for the title of Chartered Associate of the *ifs* School of Finance (CAifs) were invited to apply for this professional designation.

The *ifs* continued to develop and launch new programmes to expand its portfolio of professional qualifications offered in both part-time and full-time study mode. The *ifs* BSc (Hons) in Finance and Accounting for Financial Services was launched in 2012; this programme provides maximum exemptions against the nine ACCA 'Fundamentals' papers and offers joint *ifs*/ACCA support for students and, in due course, alumni. The *ifs* BSc (Hons) in Finance, Investment & Risk was launched for delivery in 2013 and has been developed to provide alignment with qualifications offered by the CFA, which provided development and validation support.

Responding to the potential growth in part-time study, the *ifs* will launch the Professional Certificate in Financial Services at FHEQ Level 4 in 2013. Programme development continues both to expand the range of subjects offered and to enhance the accessibility and flexibility of study option for *ifs* students. The effective use of learning technology and innovative delivery of learning and teaching is an integral element of all *ifs* programme development.

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Collaborative arrangements with the universities of Manchester, Kent and Surrey are being managed to a satisfactory conclusion with the students' interests as the leading consideration. The agreement with Glamis Business School, Mauritius, was ended with residual students completing their studies through distance learning with enhanced support from *ifs* tutors. All collaborative arrangements remain closely managed within the *ifs* quality framework through the formal establishment of a Collaborative Provision Committee.

Student engagement continues to be enhanced throughout the *ifs*. A Student Charter, developed in consultation with the student body, has been launched and student representatives now sit on each *ifs* deliberative committee. Student Focus Groups support the formal programme review process and a Students' Union is to be established with the support of the National Union of Students. A 'Future Self mentor programme has been implemented to link full-time students with those already working in the industry and a group of Student Ambassadors has been appointed to represent the *ifs* at external events.

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

- The Quality Assurance Agency for Higher Education (QAA) confirmed use by the *ifs* of a 'Quality Mark' recognising the high standard of its higher education provision. Only higher education providers that have achieved positive outcomes from institutional reviews are eligible to display this mark.
- *ifs* Professional Higher Education Conferences have focused on keynote themes of learning and teaching, sustainability, the role of modern higher education and approaches to improving the student experience.
- The *ifs* subscribed to the Higher Education Statistics Agency (HESA) to enable development and submission of a Key Information Set (KIS), a requirement of all HEIs to ensure provision of broad and consistent programme information to students.
- Given it receives no direct public funding, the *ifs* is not required to submit an Access Agreement to the Office for Fair Access (OFFA) evidencing measures to improve the accessibility of its programmes. To demonstrate commitment to the widening participation agenda, however, a Statement of Intent has been published.
- The *ifs* has published key themes for sustainability which are informing a curriculum review across *ifs* qualifications. Anthony McClaran, QAA Chief Executive, presented the QAA's emerging guidelines on the incorporation of sustainability in the curriculum at a conference held at the *ifs* City campus. The *ifs* became a member of the UK Sustainable Investment and Finance Association (UKSIF), the Environmental Association of Universities and Colleges, and the Colleges Steering Group for the South East of England.
- The *ifs* has contributed to research undertaken by the Higher Education Funding Council for England (HEFCE) on the HE funding and regulatory system, degree attainment by ethnic minority students and the review of funding expenditure. Evidence was provided to a BIS review of industry collaboration with higher education providers, with the *ifs* being commended for its blended 'academic and practitioner' approach. Input has also been provided to sector consultations on 'Students at the Heart of the System', 'Student Number Controls and Teaching Funding' and 'A Risk-based Approach to Quality Assurance'.
- The *ifs* Graduation Ceremony was held in Guildhall in May 2012, at which Michael Tomalin OBE, Chief Executive of the National Bank of Abu Dhabi, was presented with an *ifs* Honorary Doctorate.

Institute of Financial Services

In March, the *ifs* applied to Ofqual for formal awarding body status by confirming compliance with the regulator's new General Conditions of Recognition. This followed meetings with Ofqual for both senior management and a subgroup of the Board and work on articulating policies and procedures in official Ofqual format.

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The FSA-imposed Retail Distribution Review (RDR) deadline of 31 December 2012 resulted in a surge in the number of registrations for the Level 4 Diploma for Financial Advisers (DipFA).

The Institute was one of the first six bodies to be granted Accredited Body status by the FSA. Services for advisers were increased that resulted in an increase in membership. In addition to offering Statements of Professional Standing (SPS), the Institute now has a comprehensive CPD package available to both members and non-members. The Institute is the only Accredited Body to offer SPSs to non-members.

In order to respond to a demand for Chartered level awards from the *ifs*, a Level 6 qualification for Financial Advisers was launched. Registration for the first session of the Advanced Diploma (AdvDipFA) substantially exceeded budgeted expectations.

At the other end of the financial advice market, the newly created L3 qualification in Financial Administration and Practice (CeFAP) has been well received as an introductory qualification for new starters in the industry.

The qualifications in banking conduct of business have become benchmark awards for front line, customer-facing staff.

International qualifications continue to grow at an exciting pace, with both the Certified Documentary Credit Specialist (CDCS) qualification and the Certificate in International Trade and Finance (CITF) seeing double digit percentage gains.

Wider Financial Learning

The All Party Parliamentary Group for Financial Education for Young People (APPG) presented its report to Parliament, after collecting evidence, including from *ifs*, recommending that financial education should be compulsory in primary and secondary schools in England. This recommendation will be considered in conjunction with the curriculum review being undertaken.

The Department for Education published its proposals for 16-19 programmes of study and this will require amendment to the Certificate in Financial Studies (CeFS) and Diploma in Financial Studies (DipFS). A consultation on the future of A Levels was also announced by the Department for Education and, once published, the *ifs* will apply to Ofqual for A Level awarding recognition.

Despite the uncertainty regarding changes in education, registrations for 14-19 increased and 92 new schools and colleges entered students for the various awards.

The 2011/12 Student Investor competition was a success with 900 UK schools and 34,000 students participating with the winning team coming from Pate's Grammar School, Cheltenham.

ifs ProShare

Dr Tim May, Chief Executive of APCIMS was the key note speaker at the Employee Share Plans Conference, which was once again held at the British Museum. There was a wide variety of presentations and discussion, including a panel of MPs and another with representatives of HMRC.

It has been a busy year on the lobbying front as *ifs ProShare* played a key role in the Office of Tax Simplification's review of employee share plans. John Whiting, who leads on the review, gave a well attended presentation at a Business Breakfast and has remained in close contact with *ifs ProShare*. Baroness Patience Wheatcroft also spoke in support of the work of *ifs ProShare* at another Business Breakfast.

The Annual Awards dinner was again well supported, with over 500 people attending. The membership has grown including three more Gold members.

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Alumni Services

The *ifs* has continued to provide its members and alumni with a variety of services to support their professional and career development.

The programme of educational and networking lectures, seminars and workshops was expanded considerably in the year. In total 78 such events were held across the UK and internationally with over 4000 attendees benefiting. Highlights of the programme included lectures by Peter Keenan, Head of Customer Propositions, HSBC, Maggie Semple OBE and George Magnus, Senior Economic Adviser, UBS. An enhanced series of 'High Flyers' events, specifically focused at those on graduate and management trainee schemes within financial services firms has also proved to be very popular.

Financial World Magazine, the *ifs*' monthly industry journal continued to provide members and alumni with insight on the latest developments in the world of financial services and the economy. This year the magazine featured articles from some of the most respected and renowned industry commentators and leaders including Jon Moulton, John Kay, Roger Bootle and Deborah Hargreaves. Feature articles included this year looked at topics such as small business funding, central banking and financial literacy.

A new membership scheme was launched under the Institute of Financial Services brand in 2011, designed specifically to provide support to the regulated advice community. With the implementation of the FSA's Retail Distribution Review taking place at the start of 2013, this year has seen impressive growth in membership numbers and a variety of new services and benefits introduced to support adviser members in meeting the new professional standards. These include a new on-line CPD recording system, a programme of CPD seminars around the country and a series of high quality e-learning modules.

At a time when culture and standards within the industry have been under intense scrutiny, the *ifs* has maintained and enhanced the Chartered Associate scheme which is open to holders of *ifs* degrees and recognises those

who maintain and enhance their professional understanding by completion of an annual programme of high quality CPD.

A major focus of the year has been to enhance the use of virtual networking sites as a tool for alumni to interact with one another, share ideas and discuss issues. This focus has seen a 150% increase in membership of *ifs* LinkedIn groups and a 300% increase in the number of *ifs* twitter followers. As the adoption of these tools grows, the *ifs* will continue to enhance their use as a means of membership communication and sharing of best practice.

The year has also seen on-going support from the *ifs* alumni community for the Alumni Fund which is well placed to achieve its target of £100,000 in donations by 2015. The Fund has been set up to enable alumni to support the next generation of talent entering the industry through the provision of scholarships for full time *ifs* students and enhancements to teaching facilities. The first annual report on the activities of the fund has been produced and it is hoped that, by demonstrating the positive impact that the Fund is having for students, it will help to encourage donors to continue their support.

Sustainability

Generally, the *ifs* environmental impact is thought to be considerably low compared to other more traditional FE/HE Institutions, it has a 'compact' City Campus and the *ifs* blended learning approach encourages a 'greener' way of learning. Saying that, staff and students can always be encouraged to consider responsible use of natural resources (energy, paper, travel, etc.) and be encouraged to reuse and recycle where possible; this engagement with all stakeholders is an important part of *ifs* Sustainability Policy. The *ifs* wants to promote and sustain responsible practice with the hope it will become integrated into our everyday lives (both at work and at home).

This year the *ifs* Sustainability Committee published a definition and key themes for sustainability. These are currently being used to support a curriculum review to embed appropriate elements across all *ifs* qualifications.

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The *ifs* has joined the London Universities Environmental Group, a forum where Environmental and Sustainability Managers meet to share best practice and lessons learned from the education sector across Greater London. The *ifs* also became a member of the Environmental Association of Universities and Colleges, and the Colleges Steering Group for the South East of England.

In March, the *ifs* hosted a number of events in support of Climate Week. These events, which included a carbon footprint challenge, a climate themed quiz and a bake off using locally sourced ingredients, encouraged staff to think about how they can combat climate change by reducing their impact on the environment. Proceeds from these events were donated to the Worldwide Fund for Nature (WWF).

The *ifs* strives to continually enhance its own practice in relation to sustainable development by encouraging all employees to make responsible decisions about the use of resources, as well as reviewing all areas where we can reduce any adverse impact on the environment. In order to measure our impact, a staff audit of sustainability achievements and challenges is completed annually. All departments within the organisation are encouraged to summarise any projects they have started, any changes in processes and the way they conduct business and highlight where there has been a saving either environmentally and/or financially.

Financial review – results for the year ended 31 July 2012

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

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

The fees, kept as low as possible to ensure affordability and wider access, are sufficient to cover the cost of running current programmes and investing in new ones. Many students are funded by employers, but as several of the *ifs* qualifications are in the Ofqual Qualifications Credit Framework, some students also have indirect access to public funding.

The performance of the various funds is as follows:

Unrestricted funds

Total incoming resources for year of £13.5 million compares with the previous period of £13.7 million.

Within Professional Higher Education the number of new students entering corporate *ifs* programmes was maintained, despite widespread continued low recruitment into financial institutions. The first cohort of full-time students commenced studying the BSc (Hons) in Banking Practice & Management with many receiving Student Loan Company (SLC) support. The conversion from funding to fees is reflected in the overall fall in revenue.

The *ifs* announced two new qualifications: the BSc (Hons) in Finance and Accounting for Financial Services to be available from 2012/13 and the BSc (Hons) in Finance, Investment & Risk from 2013/14,

Financial adviser qualifications continued to improve ahead of the FSA's Retail Distribution Review deadline of December 2012 and the first students were registered on the Certificate in Financial Administration and Planning (CeFAP). Following the success of the DipFA and in response to demand from the sector, the *ifs* launched the Ofqual Level 6 Advanced Diploma in Financial Advice (AdvDipFA) which leads to the award of Chartered status. Revenue from trade finance qualifications, delivered in over 70 countries worldwide, was ahead by 20%.

Despite the uncertainties generated by planned changes to 14-19 education in England and Wales, the *ifs*' Financial Capability qualifications in schools and FE Colleges continued to grow with over 26,000

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students studying in the 2011/12 academic year.

Overall, net outgoing resources for unrestricted funds for the period were £98,000 against last year's deficit of £27,000. Equity markets lost some ground during the period resulting in a loss on the investment portfolio of £61,000.

The overall net movement in funds for the general fund is a deficit of £159,000, against the prior year surplus of £4.061million.

Restricted funds

The *ifs* holds on trust, the Henry Grunfeld Foundation that is to be used for supporting the education of people working in banking and financial services in London. The net movement in funds was a deficit of £87,000 against a deficit of £88,000 in 2011. According to a long-standing agreement, the fund paid a grant of €75,000 to INSEAD during the period towards scholarships, supported the first full-time students and provided funding for additional *ifs* Knowledgebank services. After investment losses of £6,000, the fund stood at £919,000.

The Bursary and Scholarship Funds provided £25,000 of assistance to both full and part-time students and, at the end of the period, had assets of £311,000.

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

Investments

At 31 July 2012 the *ifs* held fixed-asset investments with a market value of £7.95 million (2011 £8 million).

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

The investment objective is to maximise long-term total return and is measured against an agreed benchmark. There is no specific direction given to the investment manager regarding social, environmental and ethical considerations. In the 12 months to June 2012 the fund performance was 0.9% (2011 +13.2%)

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

Reserves

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

Current free reserves fell slightly to £8.448 million from £8.468 million in 2011 and sit in the mid range of the *ifs*' reserves policy. As a result, the *ifs* considers it has a sound financial base and is well resourced to meet the challenges and opportunities it faces.

Reference and administrative details

Charity name
ifs School of Finance

Charity number
297107

Incorporated in England by Royal Charter, registered number RC000719.

Registered office

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London
EC3R 8LJ

Trustees' report



Gavin Shreeve
Principal



Martin Day
Vice-Principal,
Professional Higher
Education



Anne Kiem
Chief Executive
Institute of Financial
Services

Board of Governors (Trustees)

The Trustees as at 31 July 2012 are as follows:

Dr Paul Fisher
Chairman

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

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

Gavin Shreeve MA
Principal

Sarfaraz Akram BA (Hons) DipHE
Student Representative

Prof Roger Brown PhD

Alastair Camp MBA FCIB

Brendan Cook MBA ACIB

Prof Ruth Farwell BSc PhD

(appointed June 2012)

Amanda Francis DSS BSc ACA

Catharine French (appointed December 2011)

Simon Lloyd LLB

David Nicholson BA ACIB

Chris Sullivan

Cathy Turner BA

Alastair Tyler BSc (Hons) FCIB

Academic Community Representative

Prof Geoff Whitty CBE DLit (Ed) FCT

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

Dr Christine Braddock CBE
Antony Jenkins MBA ACIB

Audit Committee

Amanda Francis DSS BSc ACA (Chair)
Prof Roger Brown PhD
Alastair Camp MBA FCIB

Remuneration and Nominations Committee

Dr Paul Fisher (Chair)
Cathy Turner BA
Simon Lloyd LLB
Prof Geoff Whitty CBE DLit (Ed) FCT

Academic Board

Board members and external members of the committee are:

Gavin Shreeve MA (Chair)
Dr John Anchor BSc (Hons) FRSA FHEA
Dr Rachel Banfield
Anthony Cheng
Student Representative
Wendy Chowne
Prof Chris Clare
Martin Day MBA ACIB
Prof Richard de Friend LLM
Graham Flower FCIB FRSA C Eng BSc (Hons)
Dr Tony Gandy
Pam Hardy BA (Hons) FCIB
Munira Jasat
Student Representative
Prof Gioia Pescetto
Bob Sedgwick BSc (Econ)
Alastair Tyler BSc (Hons) FCIB
Dr Carolina Valiente
Dr Peter Washer
Suellen White
Prof John Wilson

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Members of the executive team

Principal

Gavin Shreeve MA

Vice-Principal, Professional Higher Education

Martin Day MBA ACIB

Institute of Financial Services

Chief Executive

Anne Kiem MA

Wider Financial Learning

Vice-Principal, Financial Capability

Rod McKee ACIB

Director of Human Resources

Anna Boyce BSc (Hons) FCIPD

Director of IT

Dot Carrier PGD CCI (Open)

Director of Quality, Policy and Regulation

Prof Chris Clare

Company Secretary

Philip Cook LLB

Director, Head of Relationship Management

Mark Heaton ACIB

Finance Director

Ian Parrett FCCA

Director of Communications and

Alumni Services

Chris Ray BA (Hons)

Principal advisers

Bankers

Barclays Bank plc
9 St George's Street
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Solicitors

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EC4A 1BN

Auditor

BDO LLP
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Investment manager

BlackRock
12 Throgmorton Avenue
London
EC2N 2DL



Dr Rachel Banfield
Dean, Professional
Higher Education



Rod McKee
Vice-Principal FC

Structure, governance and management

The governing body of the *ifs* is the Board of Governors, which comprises the Chair, the Principal and up to 15 appointed members, including a representative from the student body and a representative of the academic community. As Governors, members of the Board of Governors have a single, overarching responsibility, which is to ensure that the *ifs* fulfils its object as stated below. In addition, the members of the Board of Governors are the Trustees of the charity.

Corporate governance

The *ifs* has adopted the code of governance for the Voluntary and Community Sector published by the National Governance Hub (a partnership of organisations working to improve governance of charities and other voluntary and community organisations). The code is not mandatory but the *ifs* has decided to adopt the code in place of the Combined Code. The *ifs* also takes into account the Guide for Members of Higher Education Bodies in the UK published by the Committee of University Chairs.

Constitution

The *ifs School of Finance* was established in 1879 as the Institute of Bankers and has latterly used the working name Institute of Financial Services. It was incorporated by Royal Charter in February 1987 and registered as a charity in June 1987. Amendments to the Charter followed in February 2000, December 2003, July 2006, May 2008 and in July 2010. These included formally changing the name from The Chartered Institute of Bankers and changes to the governance, which saw the Council replaced by a Board of Governors.

Charter

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

The object for which the *ifs School of Finance* is constituted is the advancement of knowledge of and education in financial

services as the Board of Governors may determine from time to time and to carry out research and publish the useful results of such research for the benefit of the public.

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

Board of Governors

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

The primary responsibility of the Board is to oversee the management of the finances, property and all business affairs and to have oversight of and agree the educational and other strategies of the *ifs School of Finance*.

Statement of Responsibilities of the Board of Governors

The Governors are responsible for preparing the annual report and financial statements in accordance with applicable UK GAAP. The Board is required to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the *ifs* and of the surplus or deficit of the *ifs* for that period. In preparing those financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the

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Charities Act 2011. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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

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

Day-to-day responsibility is delegated to the Principal leading the management team. The Principal is the academic and executive head of the *ifs School of Finance* and is responsible to the Board of Governors for academic, business and financial affairs, and for advising the Board on strategic direction.

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

Governor selection and induction

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

When first elected to the Board, members receive a personalised induction programme, which comprises briefing sessions with the Principal. These sessions provide Governors

with an insight into the workings and nature of the *ifs* and its Board, the strategic objectives of the *ifs*, and their personal responsibilities as Governors.

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

Academic Board

The Academic Board is the supreme academic authority of the *ifs School of Finance* and guardian of the academic integrity and quality of its higher education awards.

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

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

Trustees' report

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

Committees of the Board of Governors

Audit Committee

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

The auditor BDO LLP was re-appointed.

Further Education Board

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

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

Remuneration and Nominations Committee

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

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

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

Internal control and risk management

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

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

- the *ifs* operates a comprehensive five-year strategic planning system, an annual operational plan and detailed budgets, with an annual budget approved by the Board;

Trustees' report

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

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

Approved by the Trustees on 11 December 2012
and signed for and on their behalf by



Dr Paul Fisher

Independent Auditor's Report to the Trustees of *ifs School of Finance*

We have audited the financial statements of *ifs School of Finance* for the year ended 31 July 2012 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

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

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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at
www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 July 2012, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP
Statutory Auditor
Reading
United Kingdom

Date: 17 December 2012

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

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

Consolidated statement of financial activities

Year ended 31 July 2012

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	2012 Total £000s	2011 Total £000s
Incoming resources					
Incoming resources from generated funds					
Donations	2	-	5	5	2
Activities for generating funds	2	10	-	10	52
Investment income	2	183	32	215	200
Incoming resources from charitable activities	3	13,293	-	13,293	13,503
Total incoming resources		13,486	37	13,523	13,757
Resources expended					
Costs of generating funds					
Investment management costs		-	(3)	(3)	-
Charitable activities	4	13,717	140	13,857	13,823
Governance costs		74	-	74	70
Other resources expended	6	(207)	-	(207)	17
Total resources expended	7	13,584	137	13,721	13,910
Net outgoing resources before other recognised gains and losses		(98)	(100)	(198)	(153)
Other recognised gains and losses					
(Losses)/gains on investment assets		(61)	(10)	(71)	437
Actuarial gains recognised in defined benefit pension scheme	8	-	-	-	3,736
Net movement in funds in the year		(159)	(110)	(269)	4,020
Total funds brought forward		10,352	1,344	11,696	7,676
Total funds carried forward		10,193	1,234	11,427	11,696

All incoming resources were from continuing activities.

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

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

Consolidated balance sheet

As at 31 July 2012

	Notes	Group		Charity	
		2012 £000s	2011 £000s	2012 £000s	2011 £000s
Fixed assets					
Tangible assets	9	1,745	1,924	1,745	1,924
Investments	10	7,949	8,004	7,949	8,004
		9,694	9,928	9,694	9,928
Current assets					
Stocks and work in progress	11	72	107	72	107
Debtors falling due within one year	12	1,321	1,227	1,318	1,195
Cash at bank and in hand		4,424	4,819	4,423	4,805
		5,817	6,153	5,813	6,107
Liabilities					
Creditors: amounts falling due within one year	13	3,956	4,045	3,952	3,999
Net current assets		1,861	2,108	1,861	2,108
Total assets less current liabilities		11,555	12,036	11,555	12,036
Provision for liabilities and charges	14	128	340	128	340
Net assets excluding pension asset		11,427	11,696	11,427	11,696
Defined-benefit pension scheme liability	8	-	-	-	-
Net assets including pension asset		11,427	11,696	11,427	11,696
Represented by:					
Restricted income funds	17	1,234	1,344	1,234	1,344
Unrestricted income funds					
Designated and general funds		10,193	10,352	10,193	10,352
Pension reserve		-	-	-	-
Total unrestricted funds	18	10,193	10,352	10,193	10,352
Total funds		11,427	11,696	11,427	11,696

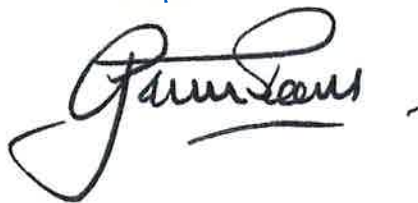
The accompanying notes are an integral part of these financial statements.

Approved on behalf of the trustees on 11 December 2012

Dr Paul Fisher
Chairman



Gavin Shreeve
Principal



Consolidated cashflow statement

Year ended 31 July 2012

	2012		2011	
	£000s	£000s	£000s	£000s
Net cash outflow from operating activities		(541)		(382)
Returns on investments				
Income from investment portfolio	138		128	
Interest received	77		72	
		215		200
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(53)		(57)	
Payments to acquire investments	(3)		(5)	
Receipts from sales of investments	3		42	
		(53)		(20)
Decrease in net cash resources		(379)		(202)
i Reconciliation of changes in resources to net cash outflow from operating activities				
Net (outgoing) resources before other recognised gains and losses		(198)		(153)
Investment income		(215)		(200)
Depreciation, profit on sale and amortisation		232		277
Increase/(decrease) in stocks		35		(19)
Net (increase)/decrease in debtors		(94)		122
Net (decrease) in creditors and provisions		(301)		(449)
Net charges for defined benefit pension scheme		-		40
Net cash outflow from operating activities		(541)		(382)
ii Analysis of net cash resources				
		31 Jul 12	31 Jul 11	Change in cash flow
Cash at bank and in hand		4,424	4,819	(395)
Cash held with investments		3,021	3,005	16
		7,445	7,824	(379)

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

Notes to the financial statements

Year ended 31 July 2012

1. Accounting policies

a) Basis of preparation

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

The Charity has taken advantage of the exemption in the Charities Act 2011 not to present its own Statement of Financial Activities. However, the Consolidated Statement of Financial Activities includes gross income of the Charity of £13,396,000 and net outgoing resources of £198,000.

b) Branches and subsidiaries

Local/regional centres are considered to be branches as defined by the SORP and have been accounted for as part of the whole charity in the financial statements for the year ended 31 July 2012.

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

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

c) Fund accounting

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

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

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

d) Incoming resources

Investment income is included on a receivable basis.

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

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

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

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

e) Resources expended

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

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

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

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

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

f) Operating leases

Rentals paid under operating leases are charged to revenue on a straight-line basis over the terms of the leases.

Notes to the financial statements

Year ended 31 July 2012

g) Fixed assets

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

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

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

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

The freehold building is stated at existing use value in line with FRS 15 and depreciated over a period of 50 years.

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

h) Investments

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

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

i) Stock and work in progress

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

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

j) Pension scheme

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

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

Notes to the financial statements

Year ended 31 July 2012

	2012 £000s	2011 £000s
2. Incoming resources from generated funds		
Activities for generating funds		
Rent receivable	10	52
	10	52
Investment income		
UK equities	78	72
Overseas equities	17	13
Fixed interest	43	43
Deposits	77	72
	215	200
3. Incoming resources from charitable activities		
Continuing activities		
Professional Higher Education	2,650	3,312
Further education	8,658	8,112
Alumni services	1,603	1,681
<i>ifs</i> Proshare	382	398
Total income from charitable activities	13,293	13,503

4. Resources expended on charitable activities

Unrestricted funds

	Professional Higher Education £000s	Further Education £000s	Alumni services £000s	<i>ifs</i> Proshare £000s	2012 Total £000s	2011 Total £000s
Direct costs	3,392	5,122	1,066	239	9,819	9,816
Support costs (see below)	777	2,539	470	112	3,898	3,887
	4,169	7,661	1,536	351	13,717	13,703
Analysis of support costs						
Information technology	186	608	113	26	933	890
Human resources	118	385	71	17	591	546
Finance & legal	172	563	104	26	865	842
Depreciation	46	151	28	7	232	277
Premises	255	832	154	36	1,277	1,332
	777	2,539	470	112	3,898	3,887

Notes to the financial statements

Year ended 31 July 2012

5. Results from trading activities of subsidiaries

	<i>ifs</i> Proshare £000s	<i>ifs</i> Learning £000s	Total £000s
Incoming resources	382	170	552
Resources expended	(382)	(170)	(552)
Net profit for the year	-	-	-
Current assets	156	4	160
Creditors	(156)	(4)	(160)
Net assets	-	-	-

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

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

6. Other resources expended

	2012 £000s	2011 £000s
Provisions per note 14:		
Discount charges on provisions	8	21
Provisions released during the year	(215)	(44)
Other finance costs (see note 8 pension costs 'net return')	-	40
	(207)	17

7. Total resources expended

Total resources expended included:

Auditor's remuneration		
Audit fees	35	31
Other services	4	12
Operating leases		
Land & buildings	735	770
Other assets	60	50
Depreciation of tangible fixed assets	232	277
Total staff costs comprised:		
Salaries	4,962	4,916
National insurance	516	508
Pension cost	281	284
Other staff costs	220	217
	5,979	5,925

Notes to the financial statements

Year ended 31 July 2012

The emoluments of Gavin Shreeve, the Principal and a trustee, included in the above costs are £213,000 (2011 £206,000). These emoluments are shown on the same basis as those in the bandings below. The Principal is a member of the pension scheme and contributions by the employer are paid at the same rates as other members of the scheme. The amount paid during the year was £16,800 (2011 £16,000). Alastair Tyler received £13,646 for fees as an associate lecturer (2011 £10,103). Authority for these payments is included within the Royal Charter.

The Principal also received re-imbursement for out-of-pocket expenses (e.g. travel, subsistence, entertainment). This amounted to £2,357 (2011 £3,040).

No other trustees received remuneration. Five Trustees, other than the Principal, received reimbursement of expenses for attending meetings, amounting to £853 (2011 £1,850).

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

	2012 Number	2011 Number
60,000 - 69,999	3	1
70,000 - 79,999	1	1
80,000 - 89,999	1	1
90,000 - 99,999	1	2
100,000 - 109,999	-	2
110,000 - 119,999	2	-
200,000 - 209,999	-	1
210,000 - 219,999	1	-

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

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

147	152
-----	-----

8. Pension costs

The pension costs included within expenditure are comprised as follows:

	2012 £000s	2011 £000s
Defined contribution schemes	281	284
Defined benefit schemes	-	-
	281	284

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

A full actuarial valuation was completed as at 31 December 2010 and the results from this valuation have been updated to 31 July 2012 by a qualified independent actuary for the purpose of the FRS17 disclosures below.

The Fund closed to future accrual on 31 March 2009.

Notes to the financial statements

Year ended 31 July 2012

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

	2012	2011
Pension increases pre 2006 excess over GMP	1.8%	3.5%
Pension increases post 2006 pension	1.8%	2.5%
Discount rate	4.0%	5.3%
CPI Inflation assumption	1.8%	3.0%
Assumed life expectancies on retirement at age 60 are:		
Retiring today		
Males	27.3	27.8
Females	28.9	29.8
Retiring in 20 years time		
Males	28.9	29.1
Females	30.5	30.8

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

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

	Long term rate of return expected at 31 Jul 12	Value at 31 Jul 12 £000s	Long term rate of return expected at 31 Jul 11	Value at 31 Jul 11 £000s
Equities	5.80%	7,367	7.00%	7,191
Bonds	3.90%	13,944	5.00%	13,627
Other	4.50%	11,104	5.40%	10,041
Cash	2.80%	123	4.00%	86
Fair value of plan assets		32,538		30,945

The actual return on assets over the period was

The amount recognised in the balance sheet are as follows:

	2012 £000s	2011 £000s
Present value of scheme liabilities	(29,642)	(29,753)
Fair value of scheme assets	32,538	30,945
Net asset	2,896	1,192
Pension scheme surplus not recognised	(2,896)	(1,192)
	-	-

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

	2012	2011
Liabilities at the beginning of the year	29,753	31,558
Interest cost	1,550	1,682
Actuarial gain	(627)	(2,646)
Benefits paid	(1,034)	(841)
Liabilities at the end of year	29,642	29,753

Notes to the financial statements

Year ended 31 July 2012

Reconciliation of opening and closing balances of the fair value of scheme assets		
Fair value of scheme assets at beginning of year	30,945	27,862
Expected return on scheme assets	1,702	1,642
Actuarial gain	925	2,282
Benefits paid	(1,034)	(841)
Fair value of scheme assets at end of year	32,538	30,945
Analysis of amount recognised in statement of financial activities		
Actuarial gain/losses	1,552	4,928
Impact of surplus restriction	(1,704)	(1,192)
Restriction on expected return on assets due to paragraph 67 (c)	152	-
Total	-	3,736
Analysis of the amount charged to resources expended		
Expected return on pension scheme assets	1,702	1,642
Restriction on expected return on assets due to paragraph 67 (c)	(152)	-
Interest on pension scheme liabilities	(1,550)	(1,682)
Net return	-	(40)

	As at	As at	As at	As at	As at
	31 Jul 12	31 Jul 11	31 Jul 10	31 Dec 09	31 Dec 08
	£000s	£000s	£000s	£000s	£000s
History of scheme assets, obligations and experience adjustments					
Present value of scheme liabilities	29,642	29,753	31,558	28,361	23,906
Fair value of scheme assets	32,538	30,945	27,862	25,780	25,146
Recoverable surplus/(deficit) in the scheme	2,896	1,192	(3,696)	(2,581)	1,240
Total adjustments arising on scheme liabilities	627	2,646	(2,526)	(4,331)	4,658
Total adjustment item as a percentage of scheme liabilities	2.1%	8.9%	-8.0%	-15.3%	19.5%
Experience adjustments arising on scheme liabilities	142	1,434	319	1	(10)
Experience item as a percentage of scheme liabilities	0.5%	4.8%	1.0%	0.0%	0.0%
Changes in assumptions underlying the scheme liabilities	485	1,212	(2,845)	(4,332)	4,668
Changes in assumptions as a percentage of scheme liabilities	1.6%	4.1%	-9.0%	-15.3%	19.5%
Experience adjustments arising on scheme assets	925	2,282	1,653	506	(4,150)
Experience item as a percentage of scheme assets	2.8%	7.4%	5.9%	2.0%	-16.5%
Cumulative actuarial gain/(loss) shown in the Statement of Financial Activities	2,848	1,144	(3,784)	(2,911)	914

Notes to the financial statements

Year ended 31 July 2012

9. Tangible fixed assets

Group and Charity

	Freehold property £000s	Leasehold improvements £000s	Computer installation, furniture and equipment £000s	Total £000s
Cost or valuation				
At 1 August 2011	1,070	972	1,313	3,355
Additions	-	-	53	53
Disposals	-	-	-	-
At 31 July 2012	1,070	972	1,366	3,408
Depreciation				
At 1 August 2011	31	244	1,156	1,431
Charge for the period	15	97	120	232
Disposals	-	-	-	-
At 31 July 2012	46	341	1,276	1,663
Net book value				
At 31 July 2012	1,024	631	90	1,745
At 31 July 2011	1,039	728	157	1,924

Cost of freehold property £833,243.

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

Notes to the financial statements

Year ended 31 July 2012

	Group and Charity	
	2012	2011
	£000s	£000s
10. Investments		
Investments at cost		
Managed funds		
UK equities	2,027	2,029
Overseas equities	1,349	1,346
UK fixed interest	774	774
Cash	3,021	3,005
	7,171	7,154
Investments at market value		
Managed funds		
UK equities	2,366	2,477
Overseas equities	1,688	1,709
UK fixed interest	874	813
Cash	3,021	3,005
	7,949	8,004
The movement of investments is represented by		
Carrying value (market value) at the beginning of the year	4,999	4,599
Add: additions to investments at cost	3	5
Less: disposals at carrying value	(3)	(42)
Add: net (loss)/gain on revaluation	(71)	437
Carrying value (market value) at the end of the year	4,928	4,999

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

The Charity controls the following subsidiary undertakings in which its investment amounts to £5 (2011 £5)

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

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

Notes to the financial statements

Year ended 31 July 2012

11. Stocks and work in progress	2012	2011
Group and Charity	£000s	£000s
Paper supplies and work in progress	-	11
Publications and sundry stock	72	96
	72	107

12. Debtors	Group		Charity	
	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Due within one year				
Members and trade debtors	813	789	813	784
Taxation	33	42	33	42
Other debtors	20	15	20	15
Prepayments	455	381	452	354
	1,321	1,227	1,318	1,195

13. Creditors	2012 £000s	2011 £000s	2012 £000s	2011 £000s
Trade creditors	810	681	810	680
Amounts owed to subsidiary company	-	-	156	107
Other creditors and accruals	1,231	1,031	1,231	1,029
Taxation and social security	165	151	165	151
Deferred income (note 15)	1,750	2,182	1,590	2,032
	3,956	4,045	3,952	3,999

14. Provision for liabilities and charges	Post-Retirement Healthcare £000s	Onerous Lease Contracts £000s	Total £000s
Balance at 1 August 2011	150	190	340
Amounts released during the year	(31)	(184)	(215)
Discount charges for the year	7	-	7
Released to statement of financial activities	(4)	-	(4)
Balance at 31 July 2012	122	6	128
Provision falling due within one year	-	6	6
Provision falling due after more than one year	122	-	122

Post-retirement healthcare

The *ifs* continues to provide post-retirement healthcare benefits to certain retired employees and their spouses, a benefit that ceased to be offered to existing staff some years ago. A provision is made in line with FRS 12 using a discount rate of 5.0% (2011 5.0%) and a rate of increase in medical costs of 10% (2011 10%).

Onerous lease contracts

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

Notes to the financial statements

Year ended 31 July 2012

15. Deferred income

	Balance at 01 Aug 11 £000s	Released £000s	Income £000s	Balance at 31 Jul 12 £000s
Subscriptions	598	(598)	597	597
Qualifications	1,269	(1,269)	837	837
Life subscriptions (note 1d)	165	(10)	-	155
Other	-	-	1	1
Charity	2,032	(1,877)	1,435	1,590
Membership and support	150	(150)	160	160
Group	2,182	(2,027)	1,595	1,750

16. Analysis of net assets between funds

The net assets belong to the various funds as follows:

	Fixed assets £000s	Investments £000s	Net current assets £000s	Long term liabilities £000s	Pension assets £000s	Fund balances £000s
Restricted funds (note 17)						
Bursary fund	-	255	(13)	-	-	242
Grunfeld fund	-	951	(32)	-	-	919
Scholarship fund	-	65	4	-	-	69
Strudwick prize fund	-	-	4	-	-	4
Unrestricted funds (note 18)						
General fund	1,745	6,678	1,898	(128)	-	10,193
Designated funds	-	-	-	-	-	-
	1,745	7,949	1,861	(128)	-	11,427

Notes to the financial statements

Year ended 31 July 2012

17. Restricted funds

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

	Scholarship Fund £000s	Bursary fund £000s	Grunfeld fund £000s	Strudwick prize fund £000s	Total £000s
Incoming resources	5	7	25	-	37
Resources expended	3	22	112	-	137
Net incoming resources before transfers	2	(15)	(87)	-	(100)
Transfers	-	-	-	-	-
Net incoming resources	2	(15)	(87)	-	(100)
Investment gains/losses	-	(4)	(6)	-	(10)
Net movement in funds	2	(19)	(93)	-	(110)
Fund balances brought forward at 1 August 2011	67	261	1,012	4	1,344
Fund balances carried forward at 31 July 2012	69	242	919	4	1,234

The Scholarship (Alumni) Fund gives past *ifs* students the opportunity to participate in this vision and support diverse future generations of financial services professionals. The primary purpose of the Fund is to provide support for students undertaking the *ifs* full-time undergraduate degree programmes. The Bursary Fund provides means-tested assistance to both full and part-time students.

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

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

18. Unrestricted funds: movements in the year

	General Fund £000s
Incoming resources	13,486
Resources expended	13,584
Net incoming resources	(98)
Investment gains/losses	(61)
Net movement in funds	(159)
Fund balances brought forward at 1 August 2011	10,352
Fund balances carried forward at 31 July 2012	10,193

Notes to the financial statements

Year ended 31 July 2012

19. Commitments

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

	2012		2011	
	Land & Buildings £000's	Other £000's	Land & Buildings £000's	Other £000's
Operating leases which expire in less than one year	-	-	7	3
two to five years	27	58	-	50
over five years	708	-	708	-

The *ifs* School of Finance is a registered charity incorporated by Royal Charter and has a remit to provide the financial services industry with a skilled and competent workforce while also promoting a better understanding of finance amongst consumers.

The *ifs* is the only specialist financial education body that is able to award its own taught degrees, a status that reflects the quality of all its programmes. Its financial capability, regulatory 'licences to practise' and higher professional qualifications are directly informed in terms of content and learning experience by the needs of those it exists to educate. They bridge the academic/vocational divide to provide students with essential practical skills and the conceptual and analytical abilities of academic study.

It is this unique and innovative approach that makes the *ifs* the provider of choice for organisations and individuals seeking to improve knowledge, skills and career prospects in the area of finance and financial services

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