



# Annual Report and Accounts 2010/11

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.

# 2010-2011 Trustees' report

The economic and concomitant political climate has been extremely challenging for UK PLC and no less so for the education sector.

Radical policy change on the political front combined with changing attitudes and commitment towards professional development in the financial services sector, have all served to complicate further an already highly complex and competitive situation.

The *ifs School of Finance*, the only professional body in the UK entitled to award its own taught degrees up to Masters level, continued to respond to this rapidly changing environment by building on its core strengths and through constant innovation and diversification.

This Trustees' Report provides a broad sweep of the *ifs'* varied activities from professional higher education and the provision of 'licences to practise' for the financial and mortgage adviser market through to the unique offering of financial capability qualifications at GCSE and A level-equivalent in schools and colleges.

The key development during the 2010-11 year, building on the acquisition of taught degree-awarding powers, was to launch the first full-time degree programme in the history of the organisation that goes back some 131 years.

Starting with a small cohort, the most exciting aspect of this development was the fact that 60% of the students accepted on to the programme had completed the *ifs'* A-level qualifications. This demonstrates the importance of the *ifs'* schools programme not just in providing an essential lifestyle skill, but by also providing important progression for students wishing to pursue a career in financial services.

The plan is to offer a wider range of qualifications at both undergraduate and post-graduate level so as to attract more students who wish to pursue an academic qualification that is also strongly rooted in professional practice. This strategy fits with stated current government policy of providing strong vocational routes to work via the higher education sector.

However, at the end of 2010, as the HE sector was asked to respond to a plethora of consultation documents emanating from the HE White Paper (which the *ifs* did in full), huge uncertainties around student numbers and funding for the not-for-profit private providers such as the *ifs* made planning extremely challenging.

The situation was no less problematical in the schools sector where a substantial overhaul of the GCSE competency league tables threatens the existence of hundreds of vocationally-oriented qualifications. Radical change has also been signalled for the structure and delivery of A-level qualifications. The *ifs* is alert to all of these developments. It is ready to respond quickly and effectively to make sure that its financial capability qualifications, which have become increasingly popular – in 2010 the *ifs* registered its 100,000th school student since the programme started five years ago – are not diminished in any way.

Meanwhile, the long protracted Retail Distribution Review conducted by the Financial Services Authority (FSA) finally showed some results with the confirmation of the first accredited bodies for the delivery of Statements of Professional Standing, which will be required of financial advisers from January 2013. The Institute of Financial Services, a division of the *ifs School of Finance* created to work in this specialist market place, is one of the FSA-accredited bodies.

In setting the strategy and objectives the executive and trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging. The *ifs* has also launched a comprehensive bursary and scholarship scheme to further its charitable remit. It is therefore within the context of this guidance that the following activities were carried out during the 12-month period to end July 2011.

# Trustees' report

## Professional higher education

Preparations for launch of the first full-time *ifs* undergraduate honours degree to be delivered from our City campus progressed according to schedule. A high number of applications were received via the Universities and Colleges Admissions Service (UCAS) and a successful clearing exercise was undertaken. The programme was confirmed as eligible for loan support from the Student Loan Company and scholarships were made available for students of Certificate in Financial Studies (CeFS) and Diploma in Financial Studies (DipFS) based on achievement in these *ifs* qualifications.

An application was submitted to the UK Borders Agency to enable the *ifs* to accept international students from September 2012.

The part-time MSc in Banking Practice and Management, the first full post-graduate qualification from the *ifs*, was launched in January 2011. This was the first *ifs* programme to be developed and delivered on the Moodle e-learning platform, supported by face-to-face activity. The initial cohort comprised of students from all the major UK banks.

The *ifs* Postgraduate Certificate in Higher Education (PGCHE) was successfully validated in February 2011. This will be made available to external students as well as the *ifs* academic community.

A dispersed campus strategy, to enable delivery of *ifs* full-time programmes beyond the physical constraints of the London campus, was launched. Following a successful validation process, the first dispersed campus was confirmed as Birmingham Metropolitan College, which will receive students from September 2012. A number of further potential dispersed campuses were reviewed. Particular emphasis is placed on delivery of a consistent student experience and comparability of standards, regardless of location.

Confirmation was received from the Financial Services Authority that students who pass the Practice of Financial Advice module and successfully complete the *ifs* Professional

Certificate in Banking will be recognised (subject to other qualifying criteria) as an 'Approved Person' for the provision of financial advice.

Whilst retaining the *ifs* focus on financial education, programme development activity to broaden the scope of provision continued. Undergraduate programmes, in both distance-learning and full time study modes, addressing financial analysis, risk, investment and accounting were approved for development with the intention of launch in 2012.

The first students to elect that their degrees be awarded by the *ifs* School of Finance attended the *ifs* Graduation Ceremony in Guildhall on 17 June 2011.

The first graduation ceremony for students of the FHEQ Level 4 programme developed by the *ifs* for the National Bank of Abu Dhabi (NBAD) was held in May 2011 and attended by *ifs* Principal, Gavin Shreeve and NBAD's Group Chief Executive, Michael Tomalin.

A student mentoring scheme was launched to identify and develop a number of *ifs* students and alumni as Student Mentors to support current students of both part-time and full-time *ifs* programmes. The initiative has been well supported.

A Sustainability Committee, chaired by the Principal and consisting of subject experts drawn from the *ifs*' academic community, was established to consider all aspects of sustainable development and evaluate how the *ifs* can embed appropriate elements into the syllabus and teaching practices of its programmes. The *ifs* became a member of the UK Sustainable Investment and Finance Association (UKSIF) and the Environmental Association of Universities and Colleges (EAUC).

A highly successful *ifs* HE Conference, at which the keynote themes were learning, teaching and sustainability, took place in May 2011 at Peninsular House. Over 100 members of the *ifs*' academic community attended.

A number of further activities to consolidate the *ifs*' role in higher education took place:

# Trustees' report

- An invitation was accepted for the *ifs* to join the Executive Committee of the Council of Validating Universities.
- Following an election, the Vice Principal, Professional Higher Education was appointed to the Teaching, Quality & Student Experience Strategic Advisory Committee of the Higher Education Funding Council for England (HEFCE).
- The *ifs* became the first private sector HE body to join the Office of the Independent Adjudicator, even though it was not required to do so.
- The *ifs* submitted input to the various consultations following publication in June 2011 of the White Paper 'Students at the Heart of the System'.

## Institute of Financial Services

The FSA published its final Consultation Paper (CP10/14) on the Retail Distribution Review (RDR). The Diploma for Financial Advisers (DipFA), at Level 4 of Ofqual's Qualifications and Credit Framework (QCF) appears in the list of Approved Examinations (ApEx) as well as a number of our older qualifications – the old DipFA in the National Qualifications Framework (NQF), certain subject combinations within the old Associateship of The Chartered Institute of Bankers, as well as some other legacy qualifications.

A number of pilots for the Certificate in Retail Banking Conduct of Business (CertRBCB) are continuing and expanding. The higher level DipRBCB has now been launched. The pilot for the Certificate in Corporate Banking Conduct of Business (CertCBCB) is progressing and is being well received.

The Ofqual Level 4 Diploma in Mortgage Advice and Practice (DipMAP) was launched in response to a drive to increase professionalism of advisers and in response to interest from corporate customers wishing to differentiate their staff. DipMAP appears in the FSA's CP10/22 as an approved examination for mortgage advisers.

Ofqual, the FE qualifications regulator, consulted on three proposed regulatory changes. The first centres on the regulatory

regime, with the suggestion that having just introduced the QCF which covers vocational qualifications, they are looking to introduce another new over-arching framework to cover all qualifications. The second consultation is largely looking at a drive for 'value-for-money'. By this it means Ofqual being able to set limits for the costs of qualifications to students and educational institutions. The third consultation considers complaints procedures. The *ifs* responded to all three as well as to the Wolf Review on vocational qualifications.

The *ifs* will be promoting its Certificate in Financial Administration and Planning (CeFAP) qualification which is largely aimed at 'paraplanners'. It will also be holding its first international seminar that will focus on the development of its benchmark qualification for trade finance practitioners, focused on documentary credits, the Certificate for Documentary Credit Specialists (CDCS), currently taken in more than 60 countries. There are also plans to re-structure the governance to take into account new Ofqual regulations.

## Wider Financial Learning

The *ifs* has signed a Memorandum of Understanding with the International Baccalaureate (IB) for the *ifs*' Certificate and Diploma in Financial Studies to be part of its IB career-related certificate (IBCC). This offering is due to start in September 2012.

Accreditation was received from the Scottish Qualifications Authority to deliver the *ifs* qualification at Ofqual Level 2 Certificate in Personal Finance across Scotland.

The 2010/11 student investor competition was a huge success with more than 40,000 students from over 1000 schools participating. The final included the involvement of media partner, the Financial Mail on Sunday, as one of the judges and Robert Peston, BBC's Business Editor, as the principal speaker. The winning team from King Edward School, Bath visited New York where they were once again hosted by Barclays Capital for a visit to the New York Stock Exchange.

# Trustees' report

The *ifs* is one of the supporting groups of the All Party Parliamentary Group for Financial Education for Young People (APPG) which has 224 MPs signed up to it and whose aim is to make financial education in schools compulsory. The *ifs* presented both written and oral evidence to the APPG whose recommendations are due to be published in December 2012.

The *ifs* is looking to widen its financial education in the 14-19 age range with the development of specialist A level qualifications.

## *ifs* Proshare

The Employee Share Plans Conference, held on 13 October at the British Museum, was the most successful yet. The key note speaker was Sir Michael Rake. A celebration was held at the House of Commons for the 30th anniversary of Sharesave and the 10th anniversary of SIP and EMI at which speakers from the three main political parties supported share schemes.

The *ifs* also contributed to the Postal Services Bill Committee discussion on the benefits and impact of employee share ownership.

*ifs ProShare* will continue its activities by, inter alia,

- joining the consultative committee for the Office of Tax Simplification (OTS) review of employee share plans;
- helping HMRC to facilitate the development of new draft model or specimen rules for tax advantaged all-employee share plans;
- participating at HMRC's request in an Employment-related Securities Forum;
- supporting the completion by David McConville of his PhD on Employee share schemes, which the *ifs* and two of its members sponsored.

## Alumni Services

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

A comprehensive series of educational and networking events was held around the UK and overseas. Over 2000 alumni members registered to attend with highlights of the programme including lectures from Vernon Hill, Founder and Vice Chairman of Metro Bank; Sir Malcolm Williamson, Chairman of National Australia Group Europe and Andrew Higginson, CEO of Tesco's Personal Finance. The quality and variety of subjects and speakers looks set to continue into the new financial year with a number of high profile speakers already secured from both the financial services industry and other sectors.

The information resources available to *ifs* alumni members via *ifs Knowledgebank* remain popular, as do the tools provided to enable members to log and record CPD activities. This is particularly the case for the Chartered Associate scheme which recognises those who maintain and enhance their professional understanding by completion of an annual programme of high quality CPD.

An additional means by which the *ifs* has sought to support its alumni and members in the past year has been the setting up of *ifs* groups on the more popular virtual networking sites. The *ifs* LinkedIn groups have proven to be particularly popular with membership increasing more than 100% over the year.

*Financial World* magazine, with its readership of over 20,000, has maintained its status as one of the most widely read financial services focused publications in the UK and has continued to deliver insightful news and analysis on financial services topics and the economy. Some of the feature articles included this year looked at topics such as inflation and quantitative easing, financial innovation, EU and domestic regulation and the concept of 'big society'.

In late 2010 the *ifs* established its Alumni Fund with the objective of enabling those holding its qualifications to support new talent entering the industry, specifically by contributing to the provision of scholarships for students on full-time *ifs* degree programmes. The initial response to the fund was encouraging and sufficient funding for a

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number of scholarships has already been secured. Further plans are in place to expand and enhance fundraising efforts in the coming year with a target of raising £100,000 in donations by 2015. The *ifs* will also be offering alumni the opportunity to support current students in other ways such as providing work placements and delivering guest lectures or through its mentoring scheme.

## Financial review – results for the year ended 31 July 2011

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* enjoys 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 access to public funding.

The performance of the various funds is as follows:

### Unrestricted funds

Total incoming resources for year of £13.7 million compares with the previous period of £14.3 million.

Within Professional Higher Education the number of new students into *ifs* programmes was lower than expected reflecting changing attitudes to professional development, growing retrenchment and much lower recruitment into financial institutions. Overall revenue for financial adviser qualifications continues to improve ahead of the FSA's Retail Distribution

Review deadline of December 2012. The *ifs*' Financial Capability qualifications in schools and FE Colleges continue to grow with over 25,000 students studying in the 2010/11 academic year.

The *ifs* announced new qualifications: the Diploma in Mortgage Advice and Practice (DipMAP) and Certificate in Financial Administration and Planning (CeFAP) and is looking to broaden its qualifications in the 14-19 age range with the development of specialist A levels. In addition to the full-time BSc in Banking Practice and Management the *ifs* has developed a BSc (Hons) in Finance and Accounting for Financial Services and will be looking to roll out its full-time offerings beyond the City of London.

Overall, net outgoing resources for unrestricted funds for the period were £67,000 against last year's deficit of £181,000.

Equity markets recovered some ground during the period resulting in a gain on the investment portfolio of £352,000. This is augmented by a gain of £3,736,000 in respect of the *ifs*' post-retirement benefit scheme, moving it into surplus. This gain reflected a change in inflation assumptions for both deferred pensioners and pensioners-in-payment as well as higher than expected investment returns during the year.

The overall net movement in funds for the general fund is a surplus of £4.021 million, against the prior year deficit of £564,000.

### Restricted funds

The *ifs* holds, on trust, funds from the Henry Grunfeld Foundation for the purpose of the education of persons working in banking and financial services in London. The net movement in funds was a deficit of £88,000 against a surplus of £39,000 in 2010. The fund paid a grant of €75,000 to INSEAD during the period towards scholarships, and committed to fund the same amount each year until 2011, subject to an annual review. In addition, £65,000 was transferred into the newly created scholarship fund bringing that total balance up to £67,000. Expenditure was partly offset by investment gains and income during

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the period of £86,000 and at the end of the year, the fund stood at £1.0 million.

The *ifs* was sole trustee of The Chartered Institute of Bankers' Benevolent Fund, a separate charity and incorporated within the group as a restricted fund. On 9 March 2011, under a scheme of the Charity Commission, those funds were transferred to the *ifs*' Bursary Fund and so the Benevolent Fund was removed from the Charities register. The Bursary Fund provides assistance to both full and part-time students and, at the end of the period, had assets of £261,000.

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 2011 the *ifs* held fixed-asset investments with a market value of £8.00 million (2010 £7.51 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 attends meetings to give 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 2011 the fund performance was +13.2% (2010 +14.6%).

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 increased to £8.428 million from £7.883 million in 2011 and sit in the mid range of the *ifs*' reserves policy and 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

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

## Board of Governors (Trustees)

The current Trustees 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



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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*

Dr Christine Braddock CBE (appointed June 2011)

Prof Roger Brown PhD

Alastair Camp MBA FCIB

Brendan Cook MBA ACIB (appointed June 2011)

Amanda Francis DSS BSc ACA

Antony Jenkins MBA ACIB (appointed June 2011)

Simon Lloyd LLB (appointed September 2010)

David Nicholson BA ACIB (appointed June 2011)

Chris Sullivan (appointed June 2011)

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:

Bruce Carnegie-Brown MA FCIB

Prof Christine King CBE DL BA MA PhD  
(appointed March 2011)

Paul Lynam AMCT *Fifs*

Prof Sir David Melville CBE PhD

Steve Pateman FCIB

Roy Ransley FCIB

Helen Weir CBE FCMA MBA MA

## Audit Committee

Amanda Francis DSS BSc ACA (Chair)

Prof Roger Brown PhD

Alastair Camp MBA FCIB

Mike Wheeler BCom FCA

## 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

Prof Anu Arora LLB Barrister at Law

Andy 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

Rachel Gosling MA

Pam Hardy BA (Hons) FCIB

Jonathan Opie

*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

## Academic Audit Committee

Dr Carol Vielba (Chair)

Prof Chris Clare

Malcolm Gillin

Matthew Juniper BSc (Hons) DipHE

*Student Representative*

Richard Martindale

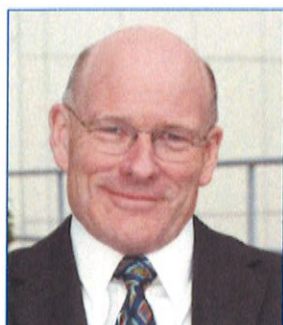
Paul Rippon MBA FCIB

Bob Sedgewick BSc (Econ)

Sue Thompson

Suellen White

# Trustees' report



**Gavin Shreeve**  
Principal



**Martin Day**  
Vice-Principal PHE



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

## FE Board

Gavin Shreeve MA (Chair)  
Suzanne Chadwick  
Prof Chris Clare  
Mike Conen  
Jon Dent  
Steve Dilks  
Malcolm Gillin  
Anne Kiem MA  
Anthony Lapsley  
David Marshall  
Rod McKee ACIB  
Sylvia Perrins  
David Pratt-Gray  
Suellen White  
Susan Williams

## Members of the executive team

Principal  
Gavin Shreeve MA  
  
Vice-Principal, Professional Higher Education  
Martin Day MBA ACIB  
  
Dean of Postgraduate Programmes  
Rachel Gosling MA

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  
Jon Parker LLB (Hons)

Finance Director  
Ian Parrett FCCA

Director of Communications and Alumni  
Services  
Chris Ray BA (Hons)

## Principal advisers

### Bankers

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

### Solicitors

Beachcroft  
100 Fetter Lane  
London  
EC4A 1BN

### Auditors

BDO LLP  
Emerald House  
East Street  
Epsom, Surrey  
KT17 1HS

### Investment manager

Blackrock  
33 King William Street  
London  
EC4R 9AS

# Trustees' report

## Structure, governance and management

### 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

The Board 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 above.

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*.

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 Charities Act 1993. 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.



**Rachel Gosling**  
Dean of Postgraduate  
Programmes



**Rod McKee**  
Vice-Principal FC

# Trustees' report

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 a reliable 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 ordinarily by the partner from the external auditor.

The auditors BDO LLP were 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.

## Trustees' report

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

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

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 9 December 2011  
and signed for and on their behalf by



Dr Paul Fisher

# Auditor's report

## 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 2011 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 1993. 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 Trustees' Responsibilities Statement (set out on page 11), 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 43 of the Charities Act 1993 and report in accordance with this 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](http://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 2011 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 1993.

## 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 1993 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  
Epsom  
United Kingdom

Date: 14 December 2011

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 2011

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	2011 Total £000s	2010 Total £000s
<b>Incoming resources</b>					
Incoming resources from generated funds					
Donations	2	-	2	2	-
Activities for generating funds	2	52	-	52	78
Investment income	2	168	32	200	200
Incoming resources from charitable activities	3	13,503	-	13,503	14,061
<b>Total incoming resources</b>		<b>13,723</b>	<b>34</b>	<b>13,757</b>	<b>14,339</b>
<b>Resources expended</b>					
Costs of generating funds					
Investment management costs		-	-	-	(6)
Charitable Activities	4	13,703	120	13,823	14,195
Governance Costs		70	-	70	68
Other resources expended	6	17	-	17	316
<b>Total resources expended</b>	7	<b>13,790</b>	<b>120</b>	<b>13,910</b>	<b>14,573</b>
<b>Net (outgoing) resources before other recognised gains and losses</b>					
		<b>(67)</b>	<b>(86)</b>	<b>(153)</b>	<b>(234)</b>
<b>Other recognised gains and losses</b>					
Gains on investment assets					
		352	85	437	605
Actuarial gains/(losses) recognised in defined benefit pension scheme	8	3,736	-	3,736	(873)
<b>Net movement in funds in the year</b>		<b>4,021</b>	<b>(1)</b>	<b>4,020</b>	<b>(502)</b>
Total funds brought forward					
		6,331	1,345	7,676	8,178
<b>Total funds carried forward</b>		<b>10,352</b>	<b>1,344</b>	<b>11,696</b>	<b>7,676</b>

All incoming resources were from continuing activities.

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

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



# Consolidated balance sheet

As at 31 July 2011

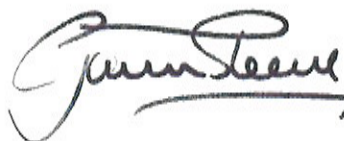
	Notes	Group		Charity	
		2011 £000s	2010 £000s	2011 £000s	2010 £000s
<b>Fixed assets</b>					
Tangible assets	9	1,924	2,144	1,924	2,144
Investments	10	8,004	7,514	8,004	7,263
		<b>9,928</b>	9,658	<b>9,928</b>	9,407
<b>Current assets</b>					
Stocks and work in progress	11	107	88	107	88
Debtors falling due within one year	12	1,227	1,349	1,195	1,340
Cash at bank and in hand		4,819	5,111	4,805	5,106
		<b>6,153</b>	6,548	<b>6,107</b>	6,534
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	4,045	4,422	3,999	4,398
<b>Net current assets</b>		<b>2,108</b>	2,126	<b>2,108</b>	2,136
<b>Total assets less current liabilities</b>		<b>12,036</b>	11,784	<b>12,036</b>	11,543
Provision for liabilities and charges	14	340	412	340	412
<b>Net assets excluding pension asset</b>		<b>11,696</b>	11,372	<b>11,696</b>	11,131
Defined-benefit pension scheme liability	8	-	(3,696)	-	(3,696)
<b>Net assets including pension asset</b>		<b>11,696</b>	7,676	<b>11,696</b>	7,435
Represented by:					
<b>Restricted income funds</b>	17	<b>1,344</b>	1,345	<b>1,344</b>	1,104
<b>Unrestricted income funds</b>					
Designated and general funds		10,352	10,027	10,352	10,027
Pension reserve		-	(3,696)	-	(3,696)
<b>Total unrestricted funds</b>	18	<b>10,352</b>	6,331	<b>10,352</b>	6,331
<b>Total Charity funds</b>		<b>11,696</b>	7,676	<b>11,696</b>	7,435

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

Approved on behalf of the trustees on 9 December 2011



Dr Paul Fisher  
Chairman



Gavin Shreeve  
Principal

# Consolidated cashflow statement

Year ended 31 July 2011

	2011		2010	
	£000s	£000s	£000s	£000s
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(382)</b>		485
<b>Returns on investments</b>				
Income from investment portfolio	128		146	
Interest received	72		54	
		<b>200</b>		200
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets	(57)		(68)	
Payments to acquire investments	(5)		(121)	
Receipts from sales of investments	42		1,531	
		<b>(20)</b>		1,342
<b>Increase in net cash resources</b>		<b>(202)</b>		2,027
<b>i Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities</b>				
Net (outgoing) resources before other recognised gains and losses		<b>(153)</b>		(234)
Investment income		<b>(200)</b>		(200)
Depreciation, profit on sale and amortisation		<b>277</b>		333
(Decrease)/increase in stocks		<b>(19)</b>		29
Net decrease/(increase) in debtors		<b>122</b>		(125)
Net (decrease)/increase in creditors and provisions		<b>(449)</b>		440
Net charges for defined benefit pension scheme		<b>40</b>		242
Net cash (outflow)/inflow from operating activities		<b>(382)</b>		485
<b>ii Analysis of net cash resources</b>				
	31 Jul 11	31 Jul 10	Change in cash flow	
Cash at bank and in hand	<b>4,819</b>	5,111	(292)	
Cash held with investments	<b>3,005</b>	2,915	90	
	<b>7,824</b>	8,026	(202)	

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

# Notes to the financial statements

Year ended 31 July 2011

## 1. Accounting policies

### a) Basis of preparation

The financial statements have been prepared under the Charities Act 1993 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 1993 not to present its own Statement of Financial Activities. However, the Consolidated Statement of Financial Activities includes gross income of the Charity of £13,624,000 and net outgoing resources of £113,000.

### 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 2011.

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.

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 goods or services are supplied. Other grant payments are recognised when a constructive or legal obligation arises that result in the payment being unavoidable.

# Notes to the financial statements

Year ended 31 July 2011

## f) Operating leases

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

## 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 2011

	2011 £000s	2010 £000s
<b>2. Incoming resources from generated funds</b>		
<b>Activities for generating funds</b>		
Rent receivable	52	78
	<b>52</b>	<b>78</b>
<b>Investment income</b>		
UK equities	72	87
Overseas equities	13	15
Fixed interest	43	44
Deposits	72	54
	<b>200</b>	<b>200</b>
<b>3. Incoming resources from charitable activities</b>		
<b>Continuing activities</b>		
Professional Higher Education	3,312	4,968
Further education	8,112	6,897
Alumni services	1,681	1,810
<i>ifs</i> Proshare	398	386
Total income from charitable activities	<b>13,503</b>	<b>14,061</b>

## 4. Resources expended on charitable activities

### Unrestricted funds

	Professional Higher Education £000s	Further Education £000s	Alumni services £000s	<i>ifs</i> Proshare £000s	2011 Total £000s	2010 Total £000s
Direct costs	3,721	4,699	1,080	316	9,816	10,394
Support Costs (see below)	954	2,335	484	114	3,887	3,707
	<b>4,675</b>	<b>7,034</b>	<b>1,564</b>	<b>430</b>	<b>13,703</b>	<b>14,101</b>
<b>Analysis of support costs</b>						
Information technology	218	535	111	26	890	877
Human resources	134	328	68	16	546	598
Finance & legal	207	506	105	24	842	674
Depreciation	68	166	34	9	277	295
Premises	327	800	166	39	1,332	1,263
	<b>954</b>	<b>2,335</b>	<b>484</b>	<b>114</b>	<b>3,887</b>	<b>3,707</b>

# Notes to the financial statements

Year ended 31 July 2011

## 5. Results from trading activities of subsidiaries

	<i>ifs</i> Proshare £000s	<i>ifs</i> Learning £000s	Total £000s
Incoming Resources	398	155	553
Resources expended	398	155	553
Net profit for the year	-	-	-
Current assets	153	21	174
Creditors	(153)	(21)	(174)
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 its main activities being sponsorship and events.

## 6. Other resources expended

	2011 £000s	2010 £000s
Provisions per note 14:		
Discount charges on provisions	21	18
Provisions made during the year	(44)	56
Other finance costs (see note 8 pension costs 'net return')	40	242
	17	316

## 7. Total resources expended

### Total resources expended included:

Auditors' remuneration		
Audit fees	31	30
Other services	12	7
Operating leases		
Land & buildings	770	655
Other assets	50	64
Amortisation of goodwill	-	38
Depreciation of tangible fixed assets	277	295
<b>Total staff costs comprised:</b>		
Salaries	4,916	4,894
National insurance	508	499
Pension cost	284	278
Other staff costs	217	269
	<b>5,925</b>	<b>5,940</b>

# Notes to the financial statements

Year ended 31 July 2011

The emoluments of Gavin Shreeve, the Principal and a trustee, included in the above costs are £206,000 (2010 £202,000). These emoluments are shown on the same basis as the 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 £16,000 (2010 £16,000). Lord Sassoon received £nil in respect of his duties as Chairman (2010 £20,000) and Alastair Tyler received £10,103 for fees as an associate lecturer (2010 £10,018). Authority for these payments is included within the Royal Charter.

The Principal also received re-imburement for out-of-pocket expenses (e.g. travel, subsistence, entertainment). This amounted to £3,040 (2010 £1,289).

No other trustees received remuneration. Five Trustees, other than the Principal, received reimbursement of expenses for attending meetings, amounting to £1,850 (2010 £1,195).

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

	2011 Number	2010 Number
60,000 - 69,999	1	3
70,000 - 79,999	1	1
80,000 - 89,999	1	3
90,000 - 99,999	2	-
100,000 - 109,999	2	3
200,000 - 209,999	1	1

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

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

152	152
-----	-----

## 8. Pension costs

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

	2011 £000s	2010 £000s
Defined contribution schemes	284	278
Defined benefit schemes	-	-
	<b>284</b>	<b>278</b>

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 is due as at 31 December 2010. This valuation is currently in progress but preliminary results from this valuation have been updated to 31 July 2011 by a qualified independent actuary for the purposes of the FRS17 disclosures below.

The Fund closed to future accrual on 31 March 2009.

# Notes to the financial statements

Year ended 31 July 2011

The major assumptions used by the actuary to value the liabilities of the fund were (in nominal terms):		2011	2010
Rate of increase in salaries		n/a	n/a
Pension increases pre 2006 excess over GMP		3.5%	3.4%
Pension increases post 2006 pension		2.5%	2.5%
Discount rate		5.3%	5.4%
RPI Inflation assumption		3.5%	3.4%
CPI Inflation assumption		3.0%	n/a
Assumed life expectancies on retirement at age 60 are:			
Retiring today	Males	27.8	27.7
	Females	29.8	29.7
Retiring in 20 years time	Males	29.1	29.1
	Females	30.8	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 11	Value at 31 Jul 11 £000s	Long term rate of return expected at 31 Jul 10	Value at 31 Jul 10 £000s
Equities	7.00%	7,191	7.30%	6,798
Bonds	5.00%	13,627	5.40%	12,535
Other	5.40%	10,041	5.80%	8,428
Cash	4.00%	86	4.30%	101
<b>Fair value of plan assets</b>		<b>30,945</b>		<b>27,862</b>

	2011 £000s	2010 £000s
The actual return on assets over the period was:	3,924	3,137
<b>The amount recognised in the balance sheet are as follows:</b>		
Present value of scheme liabilities	(29,753)	(31,558)
Fair value of scheme assets	30,945	27,862
Net asset	1,192	(3,696)
Pension scheme surplus not recognised	(1,192)	-
	-	(3,696)

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

Liabilities at the beginning of the year	31,558	28,361
Interest cost	1,682	1,726
Actuarial (gain)/loss*	(2,646)	2,526
Benefits paid	(841)	(1,055)
Liabilities at the end of year	29,753	31,558

\* Includes a gain of £2.5m from the change in index used for future pension increases and pensions in payment.



# Notes to the financial statements

Year ended 31 July 2011

	2011 £000s	2010 £000s			
<b>Reconciliation of opening and closing balances of the fair value of scheme assets</b>					
Fair value of scheme assets at beginning of year	27,862	25,780			
Expected return on scheme assets	1,642	1,484			
Actuarial gain/(loss)	2,282	1,653			
Benefits paid	(841)	(1,055)			
Fair value of scheme assets at end of year	30,945	27,862			
<b>Analysis of amount recognised in statement of financial activities</b>					
Actuarial gain/losses	4,928	(873)			
Impact of surplus restriction	(1,192)	-			
Total	3,736	(873)			
<b>Analysis of the amount charged to resources expended</b>					
Expected return on pension scheme assets	1,642	1,484			
Interest on pension scheme liabilities	(1,682)	(1,726)			
Net return	(40)	(242)			
<b>History of scheme assets, obligations and experience adjustments</b>					
	As at 31 Jul 11 £000s	As at 31 Jul 10 £000s	As at 31 Dec 09 £000s	As at 31 Dec 08 £000s	As at 31 Dec 07 £000s
Present value of scheme liabilities	29,753	31,558	28,361	23,906	27,314
Fair value of scheme assets	30,945	27,862	25,780	25,146	28,241
Recoverable surplus/(deficit) in the scheme	1,192	(3,696)	(2,581)	1,240	927
Experience adjustments arising on scheme liabilities	2,646	(2,526)	(4,331)	4,658	298
Experience item as a percentage of scheme liabilities	8.9%	-8.0%	-15.3%	19.5%	1.1%
Experience adjustments arising on scheme assets	2,282	1,653	506	(4,150)	(193)
Experience item as a percentage of scheme assets	7.4%	5.9%	2.0%	-16.5%	-0.7%
Cumulative actuarial gain shown in the Statement of Financial Activities	1,144	(3,784)	(2,911)	914	406

# Notes to the financial statements

Year ended 31 July 2011

## 9. Tangible fixed assets

Group and Charity

	Freehold property £000s	Leasehold improvements £000s	Computer installation, furniture and equipment £000s	Total £000s
<b>Cost or valuation</b>				
At 1 August 2010	1,070	930	1,815	3,815
Additions	-	42	15	57
Disposals	-	-	(517)	(517)
At 31 July 2011	1,070	972	1,313	3,355
<b>Depreciation</b>				
At 1 August 2010	15	147	1,509	1,671
Charge for the period	16	97	164	277
Disposals	-	-	(517)	(517)
At 31 July 2011	31	244	1,156	1,431
<b>Net book value</b>				
At 31 July 2011	1,039	728	157	1,924
At 31 July 2010	1,055	783	306	2,144

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 2011

10. Investments	Group		Charity	
	2011 £000s	2010 £000s	2011 £000s	2010 £000s
<b>Investments at cost</b>				
Managed funds				
UK equities	<b>2,029</b>	2,029	<b>2,029</b>	1,955
Overseas equities	<b>1,346</b>	1,344	<b>1,346</b>	1,276
UK fixed interest	<b>813</b>	806	<b>813</b>	768
Cash	<b>3,005</b>	2,915	<b>3,005</b>	2,901
	<b>7,193</b>	7,094	<b>7,193</b>	6,900
<b>Investments at market value</b>				
Managed funds				
UK equities	<b>2,477</b>	2,238	<b>2,477</b>	2,121
Overseas equities	<b>1,709</b>	1,512	<b>1,709</b>	1,434
UK fixed interest	<b>813</b>	849	<b>813</b>	807
	<b>4,999</b>	4,599	<b>4,999</b>	4,362
Cash	<b>3,005</b>	2,915	<b>3,005</b>	2,901
	<b>8,004</b>	7,514	<b>8,004</b>	7,263
The movement of investments is represented by				
Carrying value (market value) at the beginning of the year	<b>4,599</b>	5,404	<b>4,362</b>	5,198
Transfers*	-	-	<b>264</b>	-
Add: additions to investments at cost	<b>5</b>	121	-	111
Less: disposals at carrying value	<b>(42)</b>	(1,531)	<b>(35)</b>	(1,525)
Add: net gain on revaluation	<b>437</b>	605	<b>408</b>	578
Carrying value (market value) at the end of the year	<b>4,999</b>	4,599	<b>4,999</b>	4,362

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 £4 (2010 £4):

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

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

\*The transfer relates to the former Chartered Institute of Bankers Benevolent Fund (see note 17 for further details).

# Notes to the financial statements

Year ended 31 July 2011

11. Stocks and work in progress	2011	2010
	£000s	£000s
Group and Charity		
Paper supplies and work in progress	11	9
Publications and sundry stock	96	79
	<b>107</b>	<b>88</b>

12. Debtors	Group		Charity	
	2011 £000s	2010 £000s	2011 £000s	2010 £000s
Due within one year				
Members and trade debtors	789	942	784	933
Amount due from connected charity	-	-	-	8
Taxation	42	4	42	4
Other debtors	15	27	15	27
Prepayments	381	376	354	368
	<b>1,227</b>	<b>1,349</b>	<b>1,227</b>	<b>1,340</b>

13. Creditors	2011 £000s	2010 £000s	2011 £000s	2010 £000s
Trade creditors	681	575	680	575
Amounts owed to subsidiary company	-	-	107	250
Other creditors and accruals	1,031	1,089	1,029	1,087
Taxation and social security	151	154	151	154
Deferred income (note 15)	2,182	2,604	2,032	2,332
	<b>4,045</b>	<b>4,422</b>	<b>3,999</b>	<b>4,398</b>

14. Provision for liabilities and charges	Post- Retirement Healthcare £000s	Onerous Lease Contracts £000s	Total £000s
Balance at 1 August 2010	146	266	412
Amounts provided during the year	1	(45)	(44)
Discount charges for the year	8	13	21
Released to statement of financial activities	(5)	(44)	(49)
Balance at 31 July 2011	<b>150</b>	<b>190</b>	<b>340</b>
Provision falling due within one year	-	-	-
Provision falling due after more than one year	<b>150</b>	<b>190</b>	<b>340</b>

## Post-retirement healthcare

The *ifs* continues to provide post-retirement healthcare benefits to certain retired employees and their spouses, a benefit that ceased to be offered to existing staff some years ago. A provision is made in line with FRS 12 using a discount rate of 5.0% (2010 5.0%) and a rate of increase in medical costs of 10% (2010 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 2011

## 15. Deferred income

	Balance at 01 Aug 10 £000s	Released £000s	Income £000s	Balance at 31 Jul 11 £000s
Subscriptions	648	(648)	598	598
Qualifications	1,498	(1,498)	1,269	1,269
Life subscriptions (note 1d)	175	(175)	165	165
Other	11	(11)	-	-
Charity	2,332	(2,332)	2,032	2,032
Membership and support	272	(272)	150	150
<b>Group</b>	<b>2,604</b>	<b>(2,604)</b>	<b>2,182</b>	<b>2,182</b>

## 16. Analysis of net assets between funds

The net assets belong to the various funds as follows:

	Fixed assets £000s	Investments £000s	Net current assets £000s	Long term liabilities £000s	Pension assets £000s	Fund balances £000s
<b>Restricted funds (note 17)</b>						
Bursary fund	-	268	(7)	-	-	261
Grunfeld fund	-	1,059	(47)	-	-	1,012
Scholarship fund	-	65	2	-	-	67
Strudwick prize fund	-	-	4	-	-	4
<b>Unrestricted funds (note 18)</b>						
General fund	1,924	6,612	2,156	(340)	-	10,352
	<b>1,924</b>	<b>8,004</b>	<b>2,108</b>	<b>(340)</b>	<b>-</b>	<b>11,696</b>

# Notes to the financial statements

Year ended 31 July 2011

## 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.

	Benevolent fund	Scholarship Fund	Bursary fund	Grunfeld fund	Strudwick prize fund	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Incoming resources	5	2	2	25	-	34
Resources expended	9	-	2	109	-	120
Net incoming resources before transfers	(4)	2	-	(84)	-	(86)
Transfers	(266)	65	266	(65)	-	-
Net incoming resources	(270)	67	266	(149)	-	(86)
Investment gains/losses	29	-	(5)	61	-	85
Net movement in funds	(241)	67	261	(88)	-	(1)
Fund balances brought forward at 1 August 2010	241	-	-	1,100	4	1,345
Fund balances carried forward at 31 July 2011	-	<b>67</b>	<b>261</b>	<b>1,012</b>	<b>4</b>	<b>1,344</b>

The Chartered Institute of Bankers Benevolent Fund provided assistance to members and dependents of former members and was a separate registered charity number 1073518. On 9 March 2011, under a scheme of the Charity Commission, those funds were transferred to the *ifs* Bursary Fund and the Benevolent Fund removed from the register.

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. As at 31 July 2011, the Grunfeld Fund had annual renewable obligations for scholarships to INSEAD MBA students of €75,000.

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	13,723
Resources expended	13,790
Net incoming resources	(27)
Investment gains/losses	352
Provisions and other charges	3,736
Net movement in funds	4,021
Fund balances brought forward at 1 August 2010	6,331
Fund balances carried forward at 31 July 2011	<b>10,352</b>

# Notes to the financial statements

Year ended 31 July 2011

## 19. Commitments

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

	2011		2010	
	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	70	3
two to five years	0	50	27	35
over five years	708	-	708	-

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