



ANNUAL REPORT & ACCOUNTS OF  
**THE CHARTERED INSTITUTE  
OF BANKERS IN SCOTLAND**  
FOR THE YEAR ENDED 28 FEBRUARY 2009

**Chartered Banker**  
Leading financial professionalism

## Annual General Meeting

The 134th Annual General Meeting of the Institute will be held in Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh on Monday 22nd June, 2009 at 5.15pm. All members are invited to attend.

### Agenda

Minutes of 133rd Annual General Meeting held on 26th June 2008 at the Institute's offices, 38b Drumsheugh Gardens, Edinburgh. These were printed in the August 2008 edition of Scottish Banker.

1. Address by the President, Mr M R McLean.

2. Submission of the Annual Report for 2008-2009.

3. Submission of Accounts for the year to 28 February 2009 and Auditors' Report.

4. Appointment of Auditors for 2009-2010. The re-appointment of Messrs Chiene + Tait will be proposed.

#### 5. Election of Corporate Patron Representatives

Nominations:

J S Lindsay, General Manager, Airdrie Savings Bank

A D Low, Head of Credit Risk and Business Analysis, Standard Life Bank

#### 6. Election of Fellow Representatives

Nominations:

M J Fullerton, Corporate & Commercial Director, Lloyds TSB Scotland plc

E Collins, Head of Communications and Marketing Services, Lloyds TSB Scotland plc

E Munro, Managing Director, Retail Transformation, The Royal Bank of Scotland Group plc

K Page, Operations Director, National Australia Group Europe

I D Wilson, Chief Risk Officer, Tesco Personal Finance

#### 7. Election of Member Representatives

Nomination:

K McGuire, Head of Banking, Adam & Company plc

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## **8. Election of District Centre Representatives**

Nominations:

M Cockburn, Corporate Manager, Bank of Scotland (Edinburgh)

D Fleming, Area Director, Bank of Scotland (Inverness)

J Riddet, Supervisor, Royal Bank of Scotland plc (Glasgow)

## **9. Appointment of Lay Members**

Nominations:

R Topley, Partner, Deloitte LLP

M Sheils, Chief Executive, Capital Credit Union

## **10. Nominated to represent the Scottish Banks:**

Nominations:

T Burns, Chief Risk Officer, National Australia Group Europe

P Grant, Chief Operating Officer and Integration Director, Wholesale Division, Lloyds Banking Group

J D Needham, Director Consumer Banking Transformation, The Royal Bank of Scotland Group plc

P G Walker, Integration Director, Lloyds TSB Scotland plc

## **11. Election of President for 2009-2010**

Nomination:

P Grant, Chief Operating Officer and Integration Director, Wholesale Division, Lloyds Banking Group

## **12. Election of Senior Vice President for 2009-2010**

Nomination:

J S Lindsay, General Manager, Airdrie Savings Bank

## **13. Election of Vice Presidents for 2009-2010**

Nominations:

T Burns, Chief Risk Officer, National Australia Group Europe

M J Fullerton, Corporate & Commercial Director, Lloyds TSB Scotland plc

G Hartop, Managing Director, Scottish Widows Bank plc

J D Needham, Director Consumer Banking Transformation, The Royal Bank of Scotland Group plc

## **14. Proposal to Increase Student Subscriptions and Subscriptions for Magazine Subscribers:**

The motion will be proposed that:

“With effect from 1st July 2010, student subscriptions shall be increased to £90 per year (£60 for students registered by corporate patrons). Subscriptions for all magazine subscribers shall be increased to £55 per year from the same date.”

## **15. Any Other Business**

## Legal and administrative information

The Chartered Institute of Bankers in Scotland (CIOBS) is a Charitable Body, no.: SC013927. The Institute was founded in 1875 as an unincorporated body. In 1976 it received a Royal Charter of Incorporation and a Supplementary Charter was obtained in 1991.

The Institute's principal office is at Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh EH3 7SW. The charity trustees (otherwise known as members of Council) at present, together with any others who served in the year, and the committees on which they serve, are:

### President

M R McLean\*, Group General Counsel and Group Secretary, The Royal Bank of Scotland Group plc, (reappointed 26 June 2008) (re-elected as President 26 June 2008) EXC, NC

### Vice Presidents

M J Fullerton\*, Corporate and Commercial Director, Lloyds TSB Scotland plc, (reappointed 26 June 2008) (re-elected as Vice President 26 June 2008) EXC, NC

P Grant\*, Chief Operating Officer and Integration Director, Wholesale Division, Lloyds Banking Group, (reappointed 26 June 2008) (re-elected as Vice President 26 June 2008) EXC, EC

G Hartop, Managing Director, Scottish Widows Bank, (re-elected 27 June 2007) (re-elected as Vice President 26 June 2008) EXC, AC

S Hornell\*, Head of Financial Crime Risk and Security, National Australia Group Europe, (reappointed 26 June 2008) (re-elected as Vice President 26 June 2008) EXC, AC, RC

### Council Elected

M Cockburn, Retail Network and Executive Director, Lloyds TSB Scotland plc, (elected 26 June 2008)

E Collins, Head of Communications and Marketing Services, Lloyds TSB Scotland plc

R Dickie, SVP and Chief Operations Officer, American International Group Inc, (re-elected 26 June 2008) NC

E Gunn, Divisional Director, Clydesdale Bank PLC (resigned 30 September 2008)

A M Jakeman, Life is for Learning, (re-elected 26 June 2008), EC

J S Lindsay, General Manager, Airdrie Savings Bank, RC

A D Low, Head of Credit Risk and Business Analysis, Standard Life Bank

E Munro, Managing Director, Retail Transformation, The Royal Bank of Scotland Group plc

J D Needham, Director Consumer Banking Transformation, The Royal Bank of Scotland Group plc, AC

S Rice, Managing Director – Scotland, Lloyds Banking Group, (re-elected 26 June 2008)

I D Wilson, Chief Risk Officer, Tesco Personal Finance, NC

### Nominated by District Centres

M Cockburn, Corporate Manager, Bank of Scotland (Edinburgh) (nominated 30 April 2008)

I Balgowan, Business Partner, Clydesdale Bank PLC (Dundee)

J Fox, Senior Partner, Clydesdale Bank PLC (Inverness)

J Riddet, Supervisor, Royal Bank of Scotland plc (Glasgow)

D Walker, Senior Partner, Walker Partnership (Scotland) LLP (Edinburgh) (resigned 30 April 2008)

### Key

*	Appointed bank representative
EXC	Member of Executive Committee
EC	Member of Education Committee
AC	Member of Audit Committee
NC	Member of Nominations Committee
RC	Member of Remuneration Committee

### CIOBS EXECUTIVE STAFF

Mr S Thompson (Chief Executive)

Mr C Morrison, FCIBS (Deputy Chief Executive and Director of Education)

Mr D Langley, FCIBS (Director of Business Development)

### CIOBS AGENTS AND ADVISORS

Auditors: Chiene + Tait, Chartered Accountants, 61 Dublin Street, Edinburgh EH3 6NL

Bankers: Bank of Scotland, 38 St Andrew Square, Edinburgh EH2 2YR

Solicitors: Shepherd and Wedderburn LLP,

1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL

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# Structure, governance and management

## Council and Committees

The Chartered Institute of Bankers in Scotland is governed by a Council of members (the Trustees of the Institute) which is ultimately responsible for the management and administration of the Institute, its property and affairs, except where the Royal Charter or Rules prescribe that approval is required by the Institute in General Meeting.

The powers of Council include the ability to appoint from its number such Committees as are required for the conduct of business, and to delegate to these Committees such powers as it considers appropriate. The main committees and their responsibilities at the 28th February 2009 were:

**Executive Committee:** reviews business plans, budgets and financial policy, monitors business and financial performance and the implementation of the Institute's strategy.

**Education Committee:** creates, delivers and maintains high quality professional development and learning products, qualifications and services for new and existing customers.

**Audit Committee:** monitors the integrity of the financial statements of the Institute; reviews and approves the Annual Report for recommendation to Council; reviews the effectiveness of the Institute's internal controls and risk management systems and oversees the relationship with the external auditors.

**Nominations Committee:** makes recommendations to Council on succession planning for office bearers and executive positions. Makes recommendations on the nomination of new Council members and their subsequent reappointment. Makes recommendations on membership of the Audit and Remuneration Committees.

**Remuneration Committee:** establishes the basis of remuneration of the management team of the Institute and periodically reviews, assesses and recommends to the Executive Committee and Council the level and constituent elements of remuneration to be paid to the individual members of the team.

Each of these Committees, with the exception of the Remuneration Committee, reports directly to Council, which approves major decisions and has overall responsibility for all the Institute's activities.

## Trustee Selection, Appointment and Competence

The Council consists of between 15 and 35 people and comprises both elected and appointed members. The powers and composition of Council, periods of office, terms of re-appointment and re-election are prescribed in the Rules.

Currently, the four Scottish Clearing Banks: Bank of Scotland, The Royal Bank of Scotland plc, Clydesdale Bank PLC and Lloyds TSB Scotland plc, are each entitled to appoint one representative on an annual basis. The remaining members comprise not less than 8 voting members elected by the Institute in General Meeting, representatives appointed by the District Centres and other appointed members. Elected members hold office for three years and are eligible for re-election. Appointed members hold office for one year and are eligible for reappointment. A President, Senior Vice President and Vice Presidents are elected by the Institute in General Meeting from among the elected or appointed Council members. Those elected hold office for one year and are eligible for re-election.

Any Council vacancy arising before the expiry of the term of office may be filled by the Council through the co-option of a successor whose tenure subsists until the end of the period during which the vacating member would have held office.

New Council members receive an induction pack to acquaint them with the Institute's aims and activities, its policy and practice, management and governance, and also with what is expected of them as trustees under charity law, with particular reference to the requirements of The Charities and Trustee Investment (Scotland) Act 2005 and the guidance issued by the Office of the Scottish Charity Regulator (OSCR).

The Nominations Committee conducts an annual review of the composition of Council to inform its recommendations concerning nominations and reappointments.

## Review of Council Composition and Structure

In June 2008, Council appointed a Working Group consisting of Robert Dickie, Graeme Hartop and Sam Hornell to review the composition and structure of Council and make proposals



for changes to make Council more representative and reflect best practice in governance generally. The Working Group's proposals were approved by Council in December 2008 and were subsequently approved at a Special General Meeting in April 2009.

Subject to Privy Council approval of the Institute's proposals, Council will not, in future, have a stated maximum or minimum membership, to allow for greater flexibility. In addition to the representatives of the Scottish Clearing Banks, Council will include up to two members nominated by Corporate Patrons; two or more Fellows, two or more Members and up to three District Centre Representatives elected at the Annual General Meeting; and two Lay Members. The immediate Past President and the Chief Executive will be members of Council ex-officio.

There will be an enhanced role for Nominations Committee in identifying and attracting high quality individuals from a wider range of organisations and backgrounds to stand for election to Council, and to serve on Institute Committees.

### **District Centres**

The regional structure of CIOBS comprises a network of District Centres around Scotland and the UK. The rules governing the establishment and management of District Centres are set out in the Council Rules and a District Centre Handbook. The District Centres are the focus of local activity for members, providing opportunities for Continuing Professional Development (CPD) as well as social events. District Centres have, on average, around five meetings per year, offering a varied educational and social programme.

### **Corporate Patrons and Other Relationships**

The Institute recognises the following banks as Inaugural Corporate Patrons: Airdrie Savings Bank, Bank of Scotland, Clydesdale Bank, Intelligent Finance, Lloyds TSB Scotland, The Royal Bank of Scotland and Standard Life Bank. The status of Corporate Patron was introduced to allow the CIOBS to formalise existing relationships with banks and supporting

organisations and to recognise their valuable contribution to the professional development of the financial services sector. The Institute also recognises the following organisations as Sponsorship Partners: Deloitte & Touche LLP and Morton Fraser LLP. Sponsorship Partners are organisations who support CIOBS on specific projects or events and with which it has a close working relationship. The title recognises the significant contribution that the organisation makes in supporting the Institute's activities.

It is Institute policy to maintain links and co-operate with other professional or educational bodies with a view to the pursuit of common objectives and to represent the banking profession both nationally and internationally. The Institute also maintains links with a wide range of organisations which work with, advise or regulate the financial services sector.

### **Risk Management**

The task of monitoring the Institute's financial control systems and procedures is delegated to the Audit Committee. In conjunction with the Institute's Deputy Chief Executive and Accountant, the Audit Committee has reviewed and reported to us on the working of these systems and procedures. The Committee is also responsible for monitoring the wider issue of managing major risks identified as arising from or in connection with the Institute's activities. We continue to keep under review the adequacy for this purpose of the systems and procedures now in place and those in operation during the year. These appear to us to be appropriate to the Institute's size, the nature of its operations and for any major risks we have been able to identify.

# Aims, objectives and activities

## Objectives

The objectives for which the Institute is constituted are contained in the Royal Charter and are as follows:

- to encourage the highest standards of professionalism and conduct amongst its members in the public interest;
- to improve and extend the knowledge and expertise of those engaged in banking and financial services;
- to conduct examinations and promote the continued study of banking and financial services in all their aspects and to award certificates to candidates who meet the standards laid down by the Institute;
- to establish links and to co-operate with other professional or educational bodies with a view to the pursuit of common objectives and to represent the banking profession both nationally and internationally.

## Strategic Aims and Themes

In pursuit of these objectives, the Institute conducted a strategic review during 2007. The Institute's strategic (10 year) aims are:

- to become admired and respected as the leading banking institute in the world; and
- to establish Chartered Banker as the leading qualification for UK banking and financial services professionals, and ensure the designation becomes increasingly recognised overseas.

Five strategic themes were identified which shape the Institute's activities. These are:

- Promoting Professionalism;
- Accelerating and Sustaining Growth;
- Enhancing Member and Employer Engagement;
- Building a World-Class Organisation; and
- Working in the Public Interest.

All of the Institute's activities support one or more of these themes, as set out below.

## Activities

### Qualifications

The Institute is the leading provider of professional banking qualifications in the UK, designed in conjunction with leading financial institutions to meet the needs of employers and employees, and to protect the public interest by raising ethical, professional and technical standards. The Institute offers a range of qualifications from entry level Certificate programmes

to the flagship "Chartered Banker" programme – the gold-standard of professionalism in banking and financial services. Qualifications cover a wide range of financial services sectors and business functions, including retail, business and private banking, banking operations, credit operations, risk management, legal and managerial issues of banking and qualifications from the regulatory framework. There are qualifications to meet the needs of all individuals, from junior to senior positions in the financial services industry.

The Institute's qualifications are designed to be flexible, with a range of entry and exit points. Whether the potential student is a school pupil, a school leaver, a university graduate, a recent entrant to the industry or someone returning to work after a career break they will find a course that suits them and provides the professional development they require.

### Professional Membership

The Institute is the oldest institute of bankers in the world, founded in 1875, and the only dedicated institute of bankers remaining in the UK. We provide a range of services to our members, including a programme of Continuing Professional Development (CPD), technical and social events delivered by the Institute and by local District Centres, a bi-monthly members' magazine and access to a wide range of online learning materials.

### Financial Education Partnership

The Institute administers the work of the Financial Education Partnership (FEP), which offers workshops in financial capability, careers and a range of other related topics to schoolchildren throughout Scotland, delivered at no cost to schools. The aim of the FEP is to benefit teachers and students alike – delivering classroom support to teachers for meeting financial education objectives and aiding the development of real life skills for students in preparation for their adult life.

The FEP is supported by a number of financial services organisations and delivered by a team of dedicated volunteers – all of whom are committed to promoting financial inclusion through education. The organisations that supported the FEP during 2008/09 were: Airdrie Savings Bank, Clydesdale Bank, Dunfermline Building Society, HBOS plc, LloydsTSB Scotland, The Royal Bank of Scotland and Standard Life.

## Achievements and performance

The global financial crisis and its impact on the UK banks has, in turn, had a short-term impact on the Institute's student enrolments and financial performance. Recent events have, though, demonstrated the importance of developing and embedding high ethical, professional and technical standards in the banking and financial services industry through education. The Institute's work in this regard has never been more important, and will play an important part in helping individuals, institutions and the industry overall regain the confidence and trust of the public.

### Promoting Professionalism

The Institute's vision for the industry is one of professionalism, where only individuals with integrity, responsibility to their customers, appropriate technical knowledge and a will to uphold ethical practice can progress. The Institute plays a leading role in developing and setting professional standards for the industry, and much of our work in 2008 involved continuing to enhance our thought-leadership in this area.

A new and innovative "Professionalism & Ethics" subject was developed and launched during in 2008, and is compulsory for all Chartered Banker students to ensure that professional bankers of the future have a solid grounding in the subject. The "Hutton Prize for Ethics" is now awarded annually to the student scoring the highest marks in this subject, to reflect its critical importance.

For existing members, the Institute's Continuing Professional Development (CPD) scheme was re-launched this year, to reflect current best practice in this area. Participation in the scheme, which includes annual ethics refresher training, is now mandatory for all full members of the Institute who wish to retain the Chartered Banker title. A revised and strengthened Code of Professional Conduct was launched in 2008, to support members in the workplace.

Throughout the year, the Institute promoted its work to raise professional standards in banking and financial services through a wide range of events and speaking engagements, and in the media.

### Accelerating and Sustaining Growth

After record student enrolments for the Institute in 2007/2008, the unexpected and difficult trading environment in 2008/2009, experienced by all organisations operating in the financial sector, quite naturally had an impact on our development plans. This led to the focus of our strategy being altered in the short term to sustaining growth through our existing contacts and relationships, and we expect this will remain our priority throughout 2009/2010.

Throughout 2008/2009, in spite of the economic downturn, we have continued to build new relationships and formed valuable partnerships which we envisage will develop and engender new growth for the Institute in the future.

A great deal of work has been undertaken to expand the range of our syllabus at all levels. Amongst the most notable achievements have been the launch of the "Professionalism & Ethics" core module, and the creation of a "Commercial Property" module developed in partnership with Morton Fraser Solicitors. With the complexity of this asset class this is proving to be very popular with a number of banks and financial organisations despite the difficulties being faced in the sector.

During the year, a Memorandum of Understanding was signed between the Hong Kong Institute of Bankers (HKIB) and CIOBS to establish a conversion route for HKIB members to gain Chartered Banker status, after completing a number of Institute examinations. This is a clear indication of the global value that is inherent in the Chartered Banker brand and qualification, and provides a model for working with other institutes in the future.

### Enhancing Member and Employer Engagement

The Institute has made major strides in improving engagement with its members during 2008. "Scottish Banker," the Institute's bi-monthly magazine for members was re-launched as "Chartered Banker" under a new editorial team. Feedback on the first issues of the new magazine has been overwhelmingly positive. Centrally organised and District Centre events were well-attended throughout the year, with

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the "Chartered Banker Conference" in May 2008 attracting more than 100 delegates.

As noted above, the Institute's CPD scheme was re-launched during 2008, and now covers a much greater number of members than before. A well-attended series of roadshows held in autumn 2008 gave members the chance to learn about the new CPD scheme, and to make their views known. The Institute provides a wide range of online learning to support the new scheme, and initial indications are that these are being well-used by members.

In 2008, a Working Party established by Council undertook a review of Council membership and composition. A series of improvements designed to (a) attract and retain more high-quality members to Council, (b) ensure better representation of stakeholder groups and the public interest were approved by Council in December 2008. Subject to approval in a Special General Meeting and by the Privy Council, it is anticipated that there will in future be greater direct representation of members on Council.

Throughout 2008, the Institute's Customer Relationship Managers have continued to develop deeper and wider relationships with banks and building societies throughout the UK, and a more structured approach to employer engagement has been implemented.

The Institute launched a new look website at [www.charteredbanker.com](http://www.charteredbanker.com) during 2008, to strengthen the "Chartered Banker" brand and improve communication with members, employers and a wide range of other stakeholders.

### **Building a World-Class Organisation**

The Institute has continued to develop on various fronts during the past year despite the very challenging environment in which we now operate.

In addition to the launch of the new Professionalism and Ethics subject at Chartered Banker level, the Institute also introduced a new Building Society Operations subject. A new range of Advanced Diploma programmes were launched in

Financial Services Leadership, Customer Relationship Management, Business and Corporate Banking and Operational Risk Management. A general Advanced Diploma in Financial Services is also now available.

The Institute has also continued to work with banks to create bespoke programmes to meet specific training needs. In the past year programmes in areas such as Payment Services, Private Banking and Real Estate have been launched.

In May 2008 the last hand written examination diet for Chartered Banker took place. We introduced an on-line examination system for all our higher level examinations from September 2008. Students can now undertake examinations at designated centres on a regular basis with students keying in their answers which are then submitted for marking. The new system has been well received by students and examiners, and the latter have reported a general improvement of standards with the new system. The Institute has also expanded its range of examination centres throughout the UK through an agreement with Pitman Training.

The CIOBS Academy, our student support function, has continued to provide a range of services to students. In the past year the Academy team have been pro-active in encouraging students to complete their studies with more contact being made with students. The Academy team have also been developing on-line resources with short lectures in some subjects now being available in the Members section of the Institute website.

One of the major successes in the past year has been the Institute becoming the first professional body to be given powers to credit rate qualifications for the Scottish Credit and Qualifications Framework (SCQF). The Institute has been involved in a pilot project to expand the number of credit rating bodies beyond the university and college sector. The Institute was subject to a very robust audit of our system and procedures before credit rating powers were awarded in February 2009. In the coming year we will be working to convert all of our courses to show credit values and points

within the context of the SCQF. This should help improve understanding of the value and level of all our courses for members, employers, education institutions and other interested parties.

### Working in the Public Interest

The Institute works in the public interest by developing and delivering banking qualifications and a Continuing Professional Development (CPD) programme that raise ethical, technical and professional standards. Higher standards help build confidence and trust in individuals and institutions, and provide a solid foundation for a sustainable banking industry. In 2008, the Institute made significant enhancements to both initial qualification and CPD programmes to stress the importance of ethics and professionalism, as noted above.

The review of Council membership and composition noted above recommended that, in future, Council include lay members to represent the public interest on the Institute's governing body. Subject to approval in a Special General Meeting and by the Privy Council, it is anticipated that two lay members will be recruited during 2009.

The Financial Education Partnership continues to go from strength to strength, with the number of visits in the school year ending in June increasing from 629 to 816. This represents engagement with some 29,000 young people across Scotland. The feedback from teachers and students alike has been resoundingly positive.

In addition to increased demand from secondary schools, there is an increase in the diversity of groups worked with. We are working ever more closely with other financial education and employability skills providers. Some of the groups and initiatives that we have worked with over the last two years include: primary schools, (in particular 'Money Weeks'), adults, NEET (Not in Education, Employment or Training) and youth groups, ASL (Assisted Student Learning) and special needs pupils, Girl Guides and Scouting Group Associations, Apex Scotland, Scottish Business in the Community, Business Dynamics and Careers Scotland.

The FEP is currently exploring links with the Princes Trust and Further Education Colleges and have been approached by the FSA and Scotland's Colleges to offer a streamlined approach in the provision of FEP workshops in colleges

Scotland wide. We are also preparing programmes for Anniesland, Stevenson and South Lanarkshire Colleges.

The FEP has also engaged with a number of other organisations to deliver careers workshops to schools and colleges. The new partner organisations include the Chartered Insurance Institute, Financial Services Skills Council, Securities and Investment Institute, Scottish Investment Operations, and the Scottish Qualifications Authority. This work will continue to expand over the next year.

### Staffing

The Institute's first Communications Manager (Jim Bellany) was appointed during 2008, to improve communications with internal and external stakeholders, and in particular to develop the Institute's public profile.

The Institute is grateful for the support of the Royal Bank of Scotland, who provided a secondee (John Grierson) for a period of 12 months from January 2008. John led an extremely important and successful project to review and relaunch the Institute's Continuing Professional Development (CPD) scheme.

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## Financial review and results

During the year ended 28th February 2009 the Institute had net outgoing resources of £133,603 (2008: net incoming resources of £85,301). This was fuelled by an unrealised loss on investment assets of £56,849, caused by the significant fall in value of HBOS shares gifted to the Institute some years ago for the purposes of establishing a prize fund. The fall in value of the shares does not affect the Institute's ability to continue to award prizes to its successful students.

The year proved to be a challenging one, with unprecedented developments within the sector in which the Institute operates. Despite this, comfort is taken from the fact that a surplus on the General Fund was earned before depreciation and that prudent working capital control has allowed the Institute to increase cash reserves in the year. This means that the Institute is able to continue meeting the training and development needs of individuals, and the wider banking and financial services community, with investment in developing an ever wider range of courses and products.

The Institute's reserves policy requires that reserves be maintained at a level which ensures that Institute's core activity could continue during a period of unforeseen difficulty. Council considers that unrestricted reserves should be maintained to achieve this desired level, at between three to six months of expected future total resources expended. For the current year this amounts to between £500,000 and £1,000,000. At present the Institutes reserves are sufficient to achieve this.

## Future plans

The need for professional banking qualifications designed to raise standards of ethical, professional and technical competence is now widely recognised. The Institute is uniquely placed to develop and deliver these, and to support its qualified members, and will work in the year ahead to grow its member and student base in the UK and beyond.

All the Institute's activities are designed to raise professional standards in banking, and awareness of these. In 2009 we will continue to enhance our suite of qualifications to ensure those qualifying as bankers develop and demonstrate the ethical sensitivity, technical skills and the professional judgment needed to make the "right" choices. We will continue to develop the Institute's CPD programme, which reinforces and further develop these skills. We will also continue to improve our marketing and communications, to promote the professional skills and expertise of members and Chartered Bankers to a wider audience.

### Promoting Professionalism

The core of the Institute's strategy is to continue to develop and promote our thought-leadership in banking professionalism. In the year ahead the Institute will seek greater recognition and support from the industry, government, regulators and the media for our work in this area.

The Institute will work to ensure that our standards and qualifications become embedded within an increasing number of organisations, and available to a wider range of individuals. Chartered Banker will continue to be promoted as the "gold-standard" qualification for UK bankers, and new lower-level qualifications will be developed to ensure that new entrants to the industry have a clear progression route to Chartered Banker status.

A new residential programme for senior executives and non-executive directors (in partnership with Henley Business School and the International Capital Markets Association) will be launched in 2009, designed to ensure such individuals meet the new requirements for probity and technical expertise set out in the FSA's Turner Review.

## Accelerating and Sustaining Growth

The Institute's Business Development team will continue its work to grow member and student numbers from existing clients, and to identify new clients. Our main focus will remain on opportunities in the UK, where we believe the need for professional banking qualifications will grow in the medium term as a result of recent events and new regulatory drivers.

New pathways to Chartered Banker will be launched in 2009, including an Accelerated Route for experienced bank staff. It is anticipated that this will prove popular with a significant number of middle and senior managers who were not given the opportunity to obtain a professional banking qualification earlier in their career.

In order that as many individuals and institutions as possible can benefit from the Institute's education programmes and qualifications, new delivery channels will be established in the UK and overseas, and new learning partnerships established with a variety of partner institutes and educational establishments.

In 2009, the Institute will launch joint educational programmes with partner institutes in Ireland and the Bahamas, and with a new training provider in Hong Kong.

## Enhancing Member and Employer Engagement

A new Member Services team was established in January 2009 with a remit to continue to improve the ways in which the Institute communicates with and engages members, and to improve services to members. Ultimately, the aim is for all members to be strong advocates for the Institute within their organisations.

The Institute's CPD offering will be strengthened, with the addition of new online learning modules for members. We will continue to sign up major employers of our members for the Approved Employer Scheme.

As the Institute works with a wider range of organisations and builds a larger network of contacts, we will improve our communications with employers. In 2009, a regular newsletter for employers will be introduced, so that key contacts are kept up-to-date with Institute activities and developments.

## Building a World-Class Organisation

The Institute aims to be world-class in developing and delivering professional banking qualifications. In 2009, we will continue to expand our range of qualifications and delivery partners so that we are able to support individuals at all stages of their career, from new hires to senior executives. Bespoke qualifications (including the accreditation of in-house training and development) will continue to be strongly promoted.

The Institute will continue to expand our network of online examination centres and will promote the use of our online examination system for internal assessment against organisational and/or Institute benchmarks.

## Working in the Public Interest

A successful banking system is the key to a successful economy overall, enabling businesses to invest and individuals to pay for goods and services, save for retirement, and provide housing for themselves and their families. Events over the past year have significantly eroded the public confidence and trust that banking system depends on. There are many initiatives underway at national and international level to restore the health of the banking system and to improve regulatory



frameworks and structures. Rebuilding a sustainable banking industry and regaining public confidence and trust also requires, in the Institute's view, developing and reinforcing positive attitudes and behaviours in the banking industry through appropriate education and training. The Institute's core work to develop and embed high ethical, professional and technical standards in the industry is, therefore, very much directed in the broader public interest.

In 2009, the Institute will continue to develop and expand its range of education programmes for banking staff, introducing new, lower-level qualifications that seek to embed an ethical and professional approach to banking during the early stages of careers in the industry. Working

with a wider range of partners, including universities and colleges, the Institute will make its qualifications available to a much wider range of individuals and institutions, with the aim of embedding professional standards more broadly than is currently the case.

It is also planned to establish a Banking Education Standards Board (or similar) during 2009, with significant lay representation, to develop, publish and gain broad industry support for banking education standards focusing on ethical, professional and technical areas.

In addition, the Institute will work to support and expand the Financial Education Partnership in 2009.

## Statement of responsibilities

The Council is responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Law applicable to charities in Scotland requires the Council to prepare accounts for each financial year which give a true and fair view of the Institute's financial activities during the year and of its financial position at the end of the year. In preparing the accounts the Council are required to:

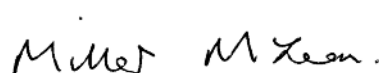
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council are responsible for keeping accounting records, that disclose with reasonable accuracy the financial position of

the Institute and which enable them to ascertain the financial position of the Institute and which enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The applicable law also sets out the Councils' responsibilities for the preparation and content of the Annual Report.

The Council is also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE COUNCIL OF THE INSTITUTE



M R McLean, President

24 April 2009

## Independent auditors' report to the Trustees of the Chartered Institute of Bankers in Scotland

This report is issued in respect of an audit carried out under section 44(l)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the accounts of the Chartered Institute of Bankers in Scotland for the year ended 28 February 2009 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 18. These accounts have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44(l)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the 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 Auditors

The responsibilities of the trustees for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and whether the information given in the Annual Report is consistent with the accounts. We also report to you if, in our opinion, the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We read the Annual Report and

consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion:

- the accounts give a true and fair view of the state of the charity's affairs as at 28 February 2009 and of its incoming resources and application of resources for the year then ended;
- the accounts have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Accounting Practice; and
- the information given in the Annual Report is consistent with the accounts.

CHIENE + TAIT

Chartered Accountants and Registered Auditors  
61 Dublin Street  
Edinburgh EH3 6NL

24 April 2009

# Statement of Financial Activities

(Incorporating Income and Expenditure Account) for the year ended 28 February 2009

	Notes	General Fund £	Restricted Funds £	Capital Reserve £	Total 2009 £	Total 2008 £
<b>Incoming resources</b>						
<i>Incoming resources from charitable activities:</i>						
Membership subscriptions		576,990	-	-	576,990	578,295
Education program	2	1,075,310	-	-	1,075,310	1,253,379
Events, meetings and special projects	3	19,965	5,760	-	25,725	21,661
Publications		59,926	-	-	59,926	93,121
<i>Incoming resources from generated funds:</i>						
<i>Activities for generating funds:</i>						
Corporate Patronage		181,000	-	-	181,000	206,000
Sales of marketing stock		23	-	-	23	255
Management fee		111,244	-	-	111,244	111,244
Rental income		40	-	-	40	5,000
Investment income		35,830	5,110	-	40,940	45,217
<b>Total incoming resource</b>		<b>2,060,328</b>	<b>10,870</b>	<b>-</b>	<b>2,071,198</b>	<b>2,314,172</b>
<b>Resources expended</b>						
<i>Costs of generating funds:</i>						
Cost of activities for generating funds	5	171,859	-	-	171,859	173,071
Investment management costs	5	3,031	-	-	3,031	2,912
<b>Net incoming resources available for charitable application</b>		<b>1,885,438</b>	<b>10,870</b>	<b>-</b>	<b>1,896,308</b>	<b>2,138,189</b>
<b>Resources expended on charitable activities:</b>						
Membership subscriptions	5	117,123	-	-	117,123	113,400
Education program	5	1,365,965	900	-	1,366,865	1,410,528
Events, meetings and special projects	5	124,307	1,071	-	125,378	118,135
Publications	5	163,884	-	-	163,884	150,511
<b>Total charitable expenditure</b>		<b>1,771,279</b>	<b>1,971</b>	<b>-</b>	<b>1,773,250</b>	<b>1,792,574</b>
<b>Governance costs</b>	5	<b>199,443</b>	<b>-</b>	<b>-</b>	<b>199,443</b>	<b>192,744</b>
<b>Total resources expended</b>		<b>1,970,722</b>	<b>1,971</b>	<b>-</b>	<b>1,972,693</b>	<b>1,985,318</b>
<b>Net (outgoing)/incoming resources before recognised gains and losses</b>		<b>(85,284)</b>	<b>8,899</b>	<b>-</b>	<b>(76,385)</b>	<b>152,871</b>
Unrealised loss on investment assets		-	(56,849)	-	(56,849)	(53,000)
Loss on disposal of fixed assets		(369)	-	-	(369)	(14,570)
<b>Net (outgoing)/incoming resources</b>		<b>(85,653)</b>	<b>(47,950)</b>	<b>-</b>	<b>(133,603)</b>	<b>85,301</b>
<b>Total funds at 1 March 2008</b>		<b>1,827,888</b>	<b>81,485</b>	<b>75,747</b>	<b>1,985,120</b>	<b>1,899,819</b>
<b>Total funds at 28 February 2009</b>		<b>1,742,235</b>	<b>33,535</b>	<b>75,747</b>	<b>1,851,517</b>	<b>1,985,120</b>

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the Statement of Financial Activities.

## Balance Sheet at 28 February 2009

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	8	689,845	734,117
Investments	9	3,458	64,307
		<u>693,303</u>	<u>798,424</u>
<b>CURRENT ASSETS</b>			
Stocks	10	27,511	39,874
Debtors	11	334,697	432,286
Cash and Bank Balances		981,256	911,355
		<u>1,343,464</u>	<u>1,383,515</u>
<b>CURRENT LIABILITIES CREDITORS:</b>			
amounts falling due within one year	12	(185,250)	(196,819)
<b>NET CURRENT ASSETS</b>			
		<u>1,158,214</u>	<u>1,186,696</u>
<b>TOTAL ASSETS</b>			
		<u>1,851,517</u>	<u>1,985,120</u>
<b>FINANCED BY FUNDS</b>			
<i>Restricted Funds</i>			
Prize Funds	13	28,846	81,485
Other Restricted Funds		4,689	-
<i>Unrestricted Funds</i>			
Capital Reserve		75,747	75,747
Accumulated Fund		1,742,235	1,827,888
<b>TOTAL FUNDS EMPLOYED</b>			
		<u>1,851,517</u>	<u>1,985,120</u>

*Miller McLean*

M McLean, President

*Simon Thompson*

S Thompson, Chief Executive

24 April 2009

# Notes to the Accounts at 28 February 2009

## I. Accounting Policies

### Basis of preparation

The accounts have been prepared under the historical cost convention modified to include investments at market value. The accounts have been prepared in accordance with the revised Statement of Recommended Practice for Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities Accounts (Scotland) Regulations 2006 and applicable accounting standards.

### Taxation

The Institute obtained charitable status for tax purposes in June 1980.

### Funds structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

The unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

The capital reserve was set aside for the purchase of the premises at 38b Drumshough Gardens.

These premises were purchased during the year ended 28th February 1997.

Transfers may be made from unrestricted to restricted funds at the discretion of trustees.

### Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Institute is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Subscriptions, contributions and educational income are accounted for on an accruals basis, after adjustments for any deferred income which is included in the balance sheet as creditors.
- Sale of publication and Institute gifts is recognised when receivable.
- Investment income is included when receivable.
- Other income is included when receivable.

### Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Institute to the expenditure. All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category.

### Cost of generating funds

The cost of generating funds consists of all expenditure associated with income not directly attributable to charitable activities.

### Charitable activities

The cost of charitable activities comprises all expenditure associated with professional programmes, events, meetings and special projects and publications. The costs include both direct and indirect costs relating to these activities.

Direct costs are allocated on an actual basis to the relevant expense heading.

### Governance costs

Governance costs comprise all costs involving the public accountability of the Institute and its compliance with regulation and good practice.

### Allocation of expenditure

Costs directly attributable to cost of generating funds, charitable activities, and governance, are allocated to the appropriate activity.

Support costs, including staff costs, which cannot be directly attributed to an activity are allocated on the basis of the time spent by staff on each activity.

### Investments

The Institute has an investment pool for its restricted prize funds. The investments in the pool are stated at market value with unrealised gains and losses accounted for in the Statement of Financial Activities. Income from the investments is used to fund the distribution of prizes.

### Fixed Assets

Individual assets costing £500 or more are capitalised at cost.

The cost or valuation of fixed assets is written off by annual instalments over the expected useful lives as follows:

Computer equipment	5 years
Motor vehicles	5 years (reducing balance)
Fixtures and fittings	10 years
Course development costs	4 years

### Property

Heritable property is stated at cost. Depreciation is provided at a rate calculated to write off the cost less the estimated residual value evenly over the expected useful life of 50 years. The estimated residual value is in excess of the cost and consequently there is no charge for depreciation in the current year (2008 - Nil).

### Stocks

Stocks of goods for resale are valued at the lower of cost and net realisable value. Provision is made for obsolete or slow moving stock where appropriate.

### Pensions

The Institute is a member of a multi-employer defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the Statement of Financial Activities so as to spread the costs of the pensions over the employees' estimated working lives within the Institute.

Since October 2006 this scheme has been closed to new entrants and payments are made to unfunded post retirement benefit plans and charged to the Statement of Financial Activities in the period to which they relate.

## Notes to the Accounts at 28 February 2009

<b>2. Education</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Enrolment and exemption fees	555,525	669,122
Examination entry fees	239,830	171,504
Certificate course fees, MAPC and Short Courses Income	191,955	349,753
Financial Education Partnership income	88,000	63,000
	<u>1,075,310</u>	<u>1,253,379</u>

<b>3. Events, meetings and special projects</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Rising Star sponsorship income	17,500	17,500
Other income	2,465	4,161
	<u>19,965</u>	<u>21,661</u>

<b>4. Support costs</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Printing, stationery and office expenses	43,336	53,758
Postage and telephone	42,650	35,616
Legal fees	1,988	660
Professional fees	-	23,923
Bank interest and charges	4,710	3,232
Staff training	3,254	7,929
Motor expenses	5,915	6,361
Irrecoverable VAT	39,871	50,660
Computer costs	73,679	71,266
Rent paid, rates and insurance	29,720	28,029
Light, heating, repairs, cleaning and professional fees	27,689	27,093
Entertainment	5,903	9,100
Travel expenses	48,719	41,418
Marketing	15,366	14,683
Business development	46,210	25,714
	<u>389,010</u>	<u>399,442</u>

### 5. Total resources expended

	Staff Costs	Other direct	(note 4) Support costs	Dep'n	Total 2009	Total 2008
	£	£	£	£	£	£
<b>Charitable activities:</b>						
Membership subscriptions	15,157	-	60,372	41,594	117,123	113,400
Education program	766,188	276,531	245,729	77,517	1,365,965	1,409,628
Events, meetings and special projects	84,876	18,793	19,199	1,439	124,307	118,135
Publications	48,500	97,897	13,167	4,320	163,884	150,511
	<u>914,721</u>	<u>393,221</u>	<u>338,467</u>	<u>124,870</u>	<u>1,771,279</u>	<u>1,791,674</u>
<b>Generated Funds:</b>						
<b>activities to generate funds</b>						
Bank contributions	48,501	-	13,922	13,048	75,471	72,668
Sales of marketing stock	121	-	39	2	162	7,193
Management fee	60,626	-	20,098	8,019	88,743	85,679
Sponsorship	3,031	-	973	-	4,004	3,911
Rental income	606	-	2,870	3	3,479	3,620
	<u>112,885</u>	<u>-</u>	<u>37,902</u>	<u>21,072</u>	<u>171,859</u>	<u>173,071</u>
Investment management costs	3,031	-	-	-	3,031	2,912
<b>Governance costs</b>	181,877	4,925	12,641	-	199,443	192,744
<b>Total</b>	<u>1,212,514</u>	<u>398,146</u>	<u>389,010</u>	<u>145,942</u>	<u>2,145,612</u>	<u>2,160,401</u>

## 6. Net Incoming Resources

	2009	2008
	£	£
<b>Net (Outgoing)/Incoming Resources is stated after charging:</b>		
Auditors Remuneration	4,925	5,125
Depreciation and other amounts written off owned fixed assets	146,311	142,469
<b>and after crediting</b>		
Rent receivable	40	5,000

## 7. Staff numbers and costs

The average number of employees employed by the Institute during the year was 24 (2008: 24)

The aggregate payroll costs of these persons were as follows:

	2009	2008
	£	£
Salaries	961,054	940,799
Social security costs	93,821	84,132
Other pension costs	157,639	140,020
	<u>1,212,514</u>	<u>1,164,951</u>

### Remuneration of Trustees

No trustees have received any form of remuneration or reimbursement of expenses incurred for undertaking duties on behalf of the Institute.

The Institute is indebted to the assistance of The Royal Bank of Scotland and the Bank of Scotland who have seconded staff to the Institute during the year. The Trustees estimate that the financial benefit of this support was in the region of £40,000 (2008: £65,000).

### Employees

The number of employees whose emoluments fell within each of the following bands is as follows:

	2009	2008
£		
70,001 - 80,000	-	1
80,001 - 90,000	1	-
90,001 - 100,000	-	1
100,001 - 110,000	1	-
110,001 - 120,000	-	1
130,001 - 140,000	1	-

The above analysis of emoluments excluded pension contributions of £53,604 (2008: £57,288) in respect of 3 employees.

## 8. Fixed Assets

	<i>Property</i>	<i>Course Development</i>	<i>Motor Vehicles</i>	<i>Fixtures &amp; Fittings</i>	<i>Computer Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost or valuation						
At 1 March 2008	411,890	130,771	97,297	233,308	535,050	1,408,316
Additions	-	45,661	-	5,257	51,121	102,039
Disposals	-	-	-	-	(10,742)	(10,742)
At 28 February 2009	<u>411,890</u>	<u>176,432</u>	<u>97,297</u>	<u>238,565</u>	<u>575,429</u>	<u>1,499,613</u>
Depreciation						
At 1 March 2008	-	81,079	23,076	145,402	424,642	674,199
Disposals	-	-	-	-	(10,374)	(10,374)
Charge for the year	-	44,108	14,845	23,745	63,245	145,943
At 28 February 2009	<u>-</u>	<u>125,187</u>	<u>37,921</u>	<u>169,147</u>	<u>477,513</u>	<u>809,768</u>
Net Book Value						
At 28 February 2009	<u>411,890</u>	<u>51,245</u>	<u>59,376</u>	<u>69,418</u>	<u>97,916</u>	<u>689,845</u>
At 28 February 2008	<u>411,890</u>	<u>49,692</u>	<u>74,221</u>	<u>87,906</u>	<u>110,408</u>	<u>734,117</u>

## Notes to the Accounts at 28 February 2009

<b>9. Investments</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Held in investment pool at the cost of original investment	79,156	79,156
Total cost of investments	79,156	79,156
Unrealised loss on investments	(75,698)	(14,849)
Total market value of investments	3,458	64,307
Invested as follows:		
£4,000 5.5% Treasury Stock 2008/12	-	4,006
6207 Lloyds Banking Grp ordinary stock	3,458	60,301
	3,458	64,307
Attribution:		
Restricted prize funds	3,458	64,307
All investments are held in UK		
<b>10. Stocks</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Institute ties, sweaters, cufflinks, key rings, letter openers	3,701	9,028
Chartered Banker Course Material	8,411	11,765
Certificate Course Material	1,948	2,500
Mapc Course Material	2,531	3,359
Stationery stock	10,920	13,222
	27,511	39,874
<b>11. Debtors</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Other Debtors	222,157	249,246
Corporate Patronage	94,000	164,500
The Committee of Scottish Clearing Bankers	18,540	18,540
	334,697	432,286
<b>12. Creditors: amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Other Creditors	49,156	41,675
Taxation & Social Security	5,001	3,397
VAT	13,110	2,370
Accruals	13,544	21,297
Deferred Income	104,439	128,080
	185,250	196,819

### 13. Prize funds held in trust

a) The following prize funds are held in trust as at 28 February 2009 (cost).

	£
T McGuffie Memorial Fund	3,656
Sir Bruce Patullo Prize	75,500
	<u>79,156</u>

at 28 February 2009

	2009	2008
	£	£
Held in investment pool at market value	3,458	64,307
Proceeds redemption of investment	11,477	7,477
Short term cash deposits	13,911	9,701
	<u>28,846</u>	<u>81,485</u>

The main movements on restricted prize funds short term cash deposits are as follows :

	Investment Income	Prizes Distributed	Net Increase/ (decrease) in Cash Deposits
	£	£	£
<i>Fund</i>			
T McGuffie Memorial Fund	220	(300)	(80)
Sir Bruce Pattullo Prize	4,890	(600)	4,290
<i>Total</i>	<u>5,110</u>	<u>(900)</u>	<u>4,210</u>

### 14. Pension commitments

The Chartered Institute of Bankers in Scotland contributes to the defined benefits pension scheme of The Royal Bank of Scotland plc. Details of that scheme are included in the Annual Report and Accounts of The Royal Bank of Scotland Group plc. An extract for the year ended 31 December 2008 is set out below.

Members of the Group sponsor a number of pension schemes in the UK and overseas, predominantly defined- benefit schemes whose assets are independent of the Group's finances.

Interim valuations of the Group's schemes were prepared to 31 December by independent actuaries, using the following assumptions:

	2008	2007
Discount rate	6.5%	6.0%
Expected return on plan assets	7.1%	6.9%
Rate of increase in salaries	4.0%	4.5%
Rate of increase in pensions in payment	2.7%	3.2%
Inflation assumption (per annum)	2.7%	3.2%

The funding rate is currently 21.5% of pensionable payroll. The pension contributions for the current year paid to Royal Bank of Scotland Group Pension Fund were £130,352 (2008: £137,322).

The Institute employs 19 staff for whom retirement benefits are accruing under this defined benefit scheme.

Since October 2006 this pension scheme has been closed to new employees, contributions amounting to £27,287 have been paid through subscriptions to unfunded post retirement benefit plans.

### 15. Capital Commitments

The Institute has committed to expend £nil at the balance sheet date (2008-£nil).

# ANNUAL REPORT AND ACCOUNTS for the year ended 28 February 2009

## 16. Analysis of net assets by fund

	Fixed Assets	Investments	Net current assets	Total
	£	£	£	£
<b>Restricted Fund</b>				
Prize Fund	-	3,458	25,388	28,846
EBTN Certified Project	-	-	4,689	4,689
<b>Unrestricted Fund</b>				
Capital Reserve	-	-	75,747	75,747
Accumulated Fund	689,845	-	1,052,390	1,742,235
	<u>689,845</u>	<u>3,458</u>	<u>1,158,214</u>	<u>1,851,517</u>

## 17. Analysis of movements on funds

	Opening Balance	Incoming	Expended	Gains/(Losses)	Closing Balance
	£	£	£	£	£
<b>Restricted Funds</b>					
Torrance McGuffie Prize	4,410	220	(300)	(6)	4,324
Sir Bruce Patullo Prize	77,075	4,890	(600)	(56,843)	24,522
EBTN Certified Project	-	5,760	(1,071)	-	4,689
<b>Unrestricted Funds</b>					
Capital Reserve	75,747	-	-	-	75,747
Accumulated Fund	1,827,888	2,060,328	(2,145,612)	(369)	1,742,235
	<u>1,985,120</u>	<u>2,071,198</u>	<u>(2,147,583)</u>	<u>(57,218)</u>	<u>1,851,517</u>

EBTN Certified Project is a joint project between several EU country partners, funded by EU and coordinated by EBTN.

Funding provided was to cover time spent on the project both in terms of project meetings and workshops/conferences in various countries and time spent here.

## 18. Related Party Transactions

In the normal course of business the Institute undertakes transactions with the organisations represented by the Members of Council. Included within these transactions were the payment of corporate patronages of £181,000 (2008 - £206,000) to the Institute.

