

Chartered Banker

Leading financial professionalism

CHARTERED BANKER INSTITUTE

Annual Report and Accounts for the Year Ended 28 February 2011

Chartered Banker Institute is a trading name of The Chartered Institute of Bankers in Scotland: Charitable Body No SC013927.

Annual General Meeting

The 136th Annual General Meeting of the Institute will be held in Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh on Friday 24th June, 2011 at 4.15pm. All members are invited to attend.

Agenda

Minutes of the 135th Annual General Meeting held on 25th June 2010 at the Institute's offices, 38b Drumsheugh Gardens, Edinburgh. These were printed in the August 2010 edition of *Chartered Banker*.

1. Address by the President, Mr P Grant.
2. Submission of the Annual Report for 2010-2011.
3. Submission of Accounts for the year to 28 February 2011 and Auditor's Report.
4. Appointment of Auditor for 2011-2012. The re-appointment of Messrs Chiene + Tait will be proposed.
5. Election of Corporate Patron Representatives
Nominations: J S Lindsay, Chief Executive Officer, Airdrie Savings Bank
6. Election of Fellow Representatives
Nominations: M Cockburn, Head of Store Development UK, Virgin Money
R Dickie, Corporate Vice President and Chief Operations and Systems Officer, American International Group Inc
H McKay, HR Director – Wealth & International Division, Lloyds Banking Group
S Rice, Managing Director – Scotland, Lloyds Banking Group
7. Nominated to represent the Scottish Banks:
Nominations: P Grant, Managing Director, UK Private Banking, Lloyds Banking Group
J D Needham, Director of Risk, Business Services, The Royal Bank of Scotland Group plc
K Page, Operations Director, Clydesdale Bank PLC
P G Walker, Lloyds TSB Scotland plc
8. Election of President for 2011-2012
Nomination: J S Lindsay, Chief Executive Officer, Airdrie Savings Bank
9. Election of Senior Vice President for 2011-2012
Nomination: J D Needham, Director of Risk, Business Services, The Royal Bank of Scotland Group plc
10. Election of Vice Presidents for 2011-2012
Nominations: K Page, Operations Director, Clydesdale Bank PLC
P G Walker, Lloyds TSB Scotland plc
I D Wilson, Risk Director, Tesco Bank

11. a) Proposal to Set Member Subscriptions for the period July 2012 to June 2013

The motion will be proposed that:

“Recognizing that subscription rates have been held constant for the past 3 years, member subscriptions shall be set at the following levels with effect from 1st July 2012:

Magazine Subscriber	£60
Affiliate	£60
Certificated	£96
Associate	£84
Member	£120
Fellow	£180
Retired	£30
Student	£90 (£60 for Corporate Patrons)”

b) Proposal to Introduce Monthly Payment of Member Subscriptions

The motion will be proposed that:

“The Institute shall introduce the option of monthly payment of subscriptions for all categories of member except magazine subscribers and students by 1st July 2012. The Institute’s Executive Committee shall be empowered to determine the precise conditions for advance payment and lapsing of subscriptions paid monthly.”

c) Proposal to Enable the Introduction of Member Subscriptions for Associate Chartered Bankers

The motion will be proposed that:

“The Institute’s Executive Committee shall be empowered to introduce appropriate subscription fees for Associate Chartered Bankers should that membership designation be introduced before 1st July 2012.”

12. Any Other Business

LEGAL AND ADMINISTRATIVE INFORMATION

Chartered Banker Institute is a trading name of The Chartered Institute of Bankers in Scotland, which 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

P Grant*, Managing Director, UK Private Banking, Lloyds Banking Group, (*reappointed 22 June 2009*) (*re-elected as President 25 June 2010*) **EXC, NC**

Senior Vice President

J S Lindsay, Chief Executive Officer, Airdrie Savings Bank, (*re-elected 25 June 2010 CPR*) (*re-elected as Senior Vice President 25 June 2010*) **EXC, NC, RC**

Vice Presidents

T Burns, formerly National Australia Group Europe, (*elected 25 June 2010 FR*) (*re-elected as Vice President 25 June 2010*) **EXC, AC**

M J Fullerton, formerly Lloyds TSB Scotland plc, (*retired 25 June 2010 FR*) **EXC, NC**

G Hartop, Managing Director, Scottish Widows Bank, (*retired 25 June 2010*) **EXC, AC**

J Needham*, Director of Risk, Business Services, The Royal Bank of Scotland plc, (*reappointed 25 June 2010*) (*re-elected as Vice President 25 June 2010*) **EXC, AC**

K Page*, Operations Director, Clydesdale Bank PLC, (*appointed 25 June 2010*) (*elected as Vice President 25 June 2010*)

P Walker*, Lloyds Banking Group, (*appointed 25 June 2010*) (*elected as Vice President 25 June 2010*) **EXC RC**

Council Elected and Appointed

M Cockburn, Head of Store Development UK, Virgin Money, (*elected 26 June 2008*)

M G Cockburn, Principal Consultant, Cockburn Business Consultancy, (*elected 22 June 2009 DCR*)

E Collins, Head of Training & Communications, Group Payments Compliance, Lloyds TSB Scotland plc (*retired 25 June 2010 FR*) **RC**

R Dickie, Corporate Vice President and Chief Operations and Systems Officer, American International Group Inc, (*re-elected 26 June 2008*) **NC**

K Falconer, Head of Banking, Adam and Company plc, (*elected 22 June 2009 MR*)

D Fleming, formerly Bank of Scotland, (*elected 22 June 2009 DCR*)

J Fraser, Legal & Compliance Director, ING Direct, (*elected 25 June 2010 FR*) **RC**

A M Jakeman, Director, Jakeman Learning Limited, (*re-elected 26 June 2008*) **EC**

W J Kinnear, Corporate Affairs Manager, Airdrie Savings Bank, (*elected 25 June 2010 FR*) **EC**

A D Low, Head of Credit Risk and Business Analysis, Standard Life Bank plc, (*retired 25 June 2010 CPR*)

R McElroy, Associate Director, Barclays Corporate, (*elected 25 June 2010 MR*)

D Mackay, Divisional Director, Santander, (*elected 25 June 2010 FR*)

M R McLean, Chairman, Adam & Company plc, (*elected 25 June 2010 FR*)

E Munro, Managing Director, Retail Transformation, The Royal Bank of Scotland Group plc (*retired 25 June 2010 FR*)

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

J Riddet, Supervisor, Royal Bank of Scotland plc (*elected 22 June 2009 DCR*)

M Shiels, Chief Executive, Capital Credit Union, (*appointed 22 June 2009 LM*) **NC**

S Thompson, Chief Executive, Chartered Banker Institute, (*ex-officio*) **EXC**
R Topley, Partner, Financial Services Practice, Deloitte LLP, (*appointed 22 June 2009 LM*) **EXC**
I D Wilson, Risk Director, Tesco Bank, (*re-elected 22 June 2009 FR*) **NC**

Key

*	Appointed bank representative
CPR	Corporate Patron Representative
FR	Fellow representative
MR	Member representative
DCR	District Centre representative
LM	Lay member
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 G Cuthbert (Director of Professional Development)

CIOBS AGENTS AND ADVISORS

Auditor: Chiene + Tait, Chartered Accountants and Statutory Auditor, 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

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 2011 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 at least 15 people and comprises both elected and appointed members. The powers and composition of Council, periods of office, terms of reappointment and re-election are prescribed in the Rules.

Currently, Clydesdale Bank PLC, Bank of Scotland, Lloyds TSB Scotland plc and The Royal Bank of Scotland plc, are each entitled to appoint one representative who is appointed for a three year term. The remaining members comprise up to two voting members nominated to represent the Institute's Corporate Patrons (not including the banks above), two or more voting members who are Fellows (FCIBS) of the Institute, two or more voting members who are Members (MCIBS) of the Institute, up to three voting members representing the District Centres, two 'lay' voting members who are not members of the Institute, the Immediate Past President (ex-officio) and the Chief Executive (ex-officio). Elected members hold office for three years and are eligible for re-election. Appointed members hold office for three years and are eligible for reappointment. A President, Senior Vice-President and two or more 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 may be 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 AGM following their co-option.

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.

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 offer a varied educational and social programme, relevant to the needs of their local members.

Corporate Patrons and Other Relationships

The Institute recognised the following banks as Corporate Patrons during 2010/11: Airdrie Savings Bank, Bank of Scotland, Clydesdale Bank, Lloyds TSB Scotland and The Royal Bank of Scotland. 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 LLP, Ernst & Young 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.

The recent financial crisis has reinforced the importance of the Institute's role in rebuilding public confidence and trust in the banking profession through enhancing and embedding high ethical, professional and technical standards. As the oldest institute of bankers in the world, and the only remaining institute of bankers in the UK, we play an increasingly important role in helping banks and bankers regain public trust.

In pursuit of the above objectives, the Institute has identified five strategic themes which shape the Institute's activities. These are:

- 1) Promoting Professionalism;
- 2) Accelerating and Sustaining Growth;
- 3) Enhancing Member and Employer Engagement;
- 4) Building a World-Class Organisation; and
- 5) Working in the Public Interest.

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

ACHIEVEMENTS AND PERFORMANCE

Promoting Professionalism

The Institute's vision for the banking industry has always been one of professionalism, where only individuals and institutions with integrity, responsibility to their customers, appropriate technical knowledge and a will to uphold ethical practice deserve to succeed. The Institute plays a leading role in developing and setting professional standards for the industry, and much of our work during 2010 involved the further development and promotion of the Chartered Banker and other standards throughout the whole of the UK and, to an extent, overseas. In January 2011, the Institute adopted the "Chartered Banker Institute" trading name to reflect its work beyond traditional Scottish boundaries.

As a leading provider of professional banking education, the Institute continues to enhance its range of qualifications and training programmes for banks and bankers. The introductory level Professional Banker Certificate and Diploma programmes have been expanded to include new subjects, and the Certificate programme is now supported by a new e-learning package developed with Unicorn, one of the UK's leading e-learning providers. New regulatory qualifications were launched to support the Retail Distribution Review, including an innovative work-based assessment route, "Experience Counts." A review of the Institute's flagship Chartered Banker qualification was launched, to ensure the continued relevance of the qualification to the industry and its stakeholders.

In April 2010, nearly 600 bankers and their guests, including many senior representatives of major UK banking institutions attended the first Chartered Banker dinner at the Edinburgh International Conference Centre, where the theme was "professionalism." The keynote speech was delivered by Lord Turner, Chair of the Financial Services Authority (FSA). Sir Willie Purves, former Group Chairman of HSBC and a student of the Institute in the late 1940s received the Institute's Lifetime Achievement Award.

In November 2010, the Institute launched the Chartered Banker MBA, supported by Bangor Business School (the UK's leading university for banking research). This unique programme combines the Institute's flagship professional banking programme with a high quality MBA, and is designed to ensure the future leaders of the banking industry are both strong, ethical leaders and technically competent bankers. The first cohort of 20 students began their studies in January 2011.

In December 2010, the Institute launched the Chartered Banker Professional Standards Board (CB:PSB), chaired by Lady Susan Rice. The CB:PSB currently includes senior representatives from Barclays, ING UK, Lloyds Banking Group, National Australia Group, RBS and Virgin Money, and is beginning work to set the clear benchmarks against which colleagues and customers can measure the professionalism of staff. For bankers, the CB:PSB will help foster a culture of professional development and continuous improvement. By creating a greater focus on standards of professionalism, the CB:PSB will enhance both the reputation of the banking industry and customer confidence and trust.

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. We engaged far more with policy-makers and other stakeholders including the BBA, Treasury, Lord Mayor of the City of London and City UK than in recent years, and submitted consultation responses to the FSA (Retail Distribution Review, Mortgage Market Review and others), HM Treasury, Treasury Select Committee and the Independent Commission on Banking stressing the importance of professionalism in rebuilding public confidence and trust in banks and bankers.

Accelerating and Sustaining Growth

The Institute recorded more than 2,600 student enrolments in 2010 (1,610 in 2009). In addition, many more individuals in the UK and, to a growing extent overseas, participated in a programme accredited or certified by the Institute.

Enrolments were boosted both by the increase in the number of UK banks supporting the Institute and our qualifications, and by the Retail Distribution Review (RDR) requirements, where financial advisers need to gain new, higher-level qualifications before the end of 2012. In respect of the latter, the Institute offers its own Diploma in Investment Planning (Retail Banking), and a similar Diploma aimed at independent financial advisers (IFAs) in partnership with the Association of Independent Financial Advisers (AIFA) and BPP Learning Media.

Whilst the small number of graduates joining the industry in autumn 2010 impacted on Chartered Banker student numbers, the rollout of the Institute's "SMART CB" experiential route to Chartered Banker (in partnership with Reed Learning) and the launch of the Chartered Banker MBA (in partnership with Bangor Business School) mitigated this to some extent.

At introductory (Professional Banker Certificate/Diploma) level, the Institute enrolled nearly 900 students in the current year, an increase of almost 50% compared with 2009 and 100% compared with 2008. This reflects, we believe, the genuine desire of an increasing number of banks and bankers to re-professionalize the industry from the bottom-up, which the Institute is well-placed to support.

Enhancing Member and Employer Engagement

Following the launch of the Institute's new CPD scheme in January 2009, the Institute has continued to invest in developing appropriate content and materials to support members. Participation in the scheme is mandatory for all Members and Fellows who wish to retain the Chartered Banker title. Additional e-learning modules in business and soft-skills have been added, an online "Professionalism & Ethics" toolkit was launched, and the Credit Skills Library has been enhanced. All are available free of charge to members at www.charteredbanker.com.

An enhanced and well-supported programme of Institute and District Centre events was run this year, including the Chartered Banker Dinner (April 2010), the Deloitte Financial Services Rising Star Awards Final (September 2010), Graduation (November 2010) and London Burns Supper (January 2011). Other highlights included the "Banking Insights" series (supported by PricewaterhouseCoopers, a series of seminars on "Communicating with Impact," and a presentation by Bill Jamieson, Business Editor of "The Scotsman." Events are increasingly run in partnership with other professional bodies and associations, to enhance networking benefits for members. In total, we welcomed almost 3,000 attendees to Institute events in the current year.

To improve communication with and between members, the Institute launched the Chartered Banker "LinkedIn" group in autumn 2010. More than 340 members have joined to date. To join, please visit: <http://www.linkedin.com> and search for Chartered Banker in the Groups directory.

During 2010, the Professional Development team have continued to build relationships with banks and others throughout the UK. Awareness of and support for the Institute and our work to enhance banking professionalism has grown considerably, and provides a solid foundation for future growth.

Building a World-Class Organisation

The Institute aims to be in the forefront of enhancing professionalism in banking, in terms of the ethical and professional standards we set and the qualifications and training we offer directly and through a range of learning partners. In order to ensure the continued relevance of our flagship Chartered Banker qualification, a thorough review of the structure, content and delivery of the qualification was launched in 2010, to report in 2011. The intention is to launch a revised Chartered Banker qualification beginning in autumn 2011.

A major focus over the past year has been enhancing student support. At introductory (Professional Banker Certificate) level this has been achieved by developing an e-learning module to support distance-learning study materials, in partnership with Unicorn. Initial feedback on the module is excellent. E-learning support, provided in partnership with Competent Adviser, has also been developed to support students studying for the Diploma in Investment Planning. At higher levels, enhanced tutor support has been piloted to improve student progression. Online revision seminars are now replacing face-to-face tuition, to ensure wider access to tutor support.

We were one of the first UK professional bodies to utilise online examinations, and our network of examination centres has been strengthened this year to support students studying for the Diploma in Investment Planning, the majority of whom are in England & Wales. The Institute now operates more than 70 online examination centres. We have also developed a range of innovative, alternative assessment methodologies comprising accreditation of prior certificated and experiential learning to support our “SMART CB” and “Experience Counts” programmes.

Working in the Public Interest

The Institute works to rebuild public confidence and trust in the banking industry through enhancing and embedding high ethical, professional and technical standards. In 2010, this work has included:

- Establishing the Chartered Banker Professional Standards Board (CB:PSB);
- Developing and promoting a range of professional banking qualifications designed to enable individuals to demonstrate their commitment to such standards; and
- Setting and monitoring continuing professional development (CPD) requirements for Institute members.

During the year, the Institute continued to enhance qualification and CPD programmes to stress the importance of ethics and professionalism, including via e-learning support for Professional Banker Certificate students, and through the launch of a “Professionalism & Ethics” online toolkit for members.

We are proud to support the UK’s Armed Forces, and during the year worked with the services’ Career Transition Partnership to offer Institute qualifications to service leavers seeking careers in the financial services industry. In 2010, the Institute became an approved provider, meaning that service leavers can now receive funding for Institute qualifications.

The Institute’s public interest work also encompasses promoting financial capability. CIOBS leads the work of the Financial Education Partnership (FEP), which offers workshops in financial capability, careers and a range of other related topics to schoolchildren and others throughout Scotland, delivered at no cost. 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. There has been a significant increase in the number of volunteers in the last year with over 200 employees now enrolled to deliver the programme; almost double the number of volunteers in previous years. The organisations that funded and supported the FEP during 2010 were: Airdrie Savings Bank, Clydesdale Bank, Dunfermline Building Society, Lloyds Banking Group, Standard Life and Tesco Bank. The Royal Bank of Scotland ceased funding the FEP’s work in 2010.

In addition, the careers and work skills elements of the FEP are funded and supported by the following organisations:

- Chartered Insurance Institute
- Financial Services Skills Council
- The Chartered Institute of Securities & Investment
- Scottish Investment Operations
- Scottish Qualifications Authority

Since its introduction in 1998 (initially as the Banking Education Partnership) the number of workshops delivered each year by the FEP has seen a year on year increase. In the most recent academic year the FEP delivered nearly 850 workshops to around 29,500 young people across Scotland.

In September 2010 the FEP received the backing of the European Commission for its work to improve the financial knowledge and skills of young people. Working with partners in nine European countries, with financial support from the European Commission's "Comenius" programme, a new European Financial Education Partnership (EFEP) is being established, co-ordinated by the Institute, to deliver interactive financial education workshops to secondary schoolchildren.

Staffing

There were several changes to the staff at the Institute during 2010.

Val Bauckham was appointed as the Institute's Financial Education Manager (responsible for the FEP and EFEP programmes.), Ashleigh Edmiston has taken on an enhanced role managing the Institute's events programme and District Centres. Jane Johnstone joined the Committee of Scottish Clearing Bankers in September 2010.

With effect from January 2011, Shona Matthews was appointed Head of Strategic Implementation to lead the development of and oversee effective delivery of strategic projects.

FINANCIAL REVIEW AND RESULTS

During the year ended 28th February 2011 the Institute had net incoming resources of £195,031 (2010: £353,224). This was fuelled by an unrealised gain on recognition and valuation of the Institute's historic bank note collection of £137,500. The Institute earned a surplus before unrecognised gains and losses of £56,945 (2010: deficit £180,583)

The Institute retains a strong asset position, with net assets of £2,399,772 (2010:£2,204,741). Maintaining this strong financial position is necessary to support the realistic and ambitious programme of activities through which the Institute will lead the re-professionalization of the banking industry over the coming years.

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 Institute's reserves are sufficient to achieve this.

FUTURE PLANS

Promoting Professionalism

The need for professional banking qualifications designed to raise and support standards of ethical, professional and technical competence is now widely recognised within the banking industry, and by the public. As the only remaining UK banking institute, we are uniquely placed to develop and deliver these, and to support our qualified members who demonstrate the professional qualities needed to rebuild public confidence and trust in our industry.

In 2011, the Institute will continue its leading role in the re-professionalisation of the banking industry through the continued development of the Chartered Banker Professional Standards Board (CB:PSB). We aim to achieve public support for the work of the CB:PSB from major UK banking institutions, and others, and will publish a prospectus, or similar document, setting out the CB:PSB's aims, objectives and deliverables later in the year.

Chartered Banker will continue to be promoted as the "gold-standard" qualification for UK bankers, with the Institute's new Professional Banker Certificate and Professional Banker Diploma promoted as the first steps towards full professional qualification.

Accelerating and Sustaining Growth

In 2011, we will continue our work to increase the number of banks from across the UK supporting the Institute, the professional standards we set, and the professional qualification programmes offered by the Institute and our partners. In order to ensure that as many individuals and institutions as possible can benefit from the Institute's education programmes and qualifications, additional learning partnerships may be established with partner institutes and educational establishments.

Whilst our main focus will remain supporting the re-professionalization of banking in the UK, we will also pursue international opportunities to develop the Chartered Banker brand.

We anticipate overall student enrolments to remain at similar levels to 2010, although a much greater number of individuals will participate in programmes delivered by others, including the banks themselves, accredited by the Institute.

Enhancing Member and Employer Engagement

We will continue to invest in developing CPD resources for members, and will launch an online, regulatory CPD support package for Professional Financial Advisers in 2011. The Institute will continue its work to accredit major employers of our members for the Approved CPD Employer Scheme, recognizing on-the-job development activities as meeting some of the requirements of the Institute's CPD programme.

Through a range of methods, including use of social media and improved email communications, we aim to increase the quality and regularity of communications with members and to encourage more active engagement. Whilst the Institute will continue to run a full programme of central and District Centre events, online "virtual" events will be trialled to enable all members to benefit from the events programme, whatever their geographic location.

Regular communications with employers will be maintained via the Institute's Professional Development team to ensure that key contacts are kept up-to-date with Institute activities and developments. The Institute will establish new Advisory Panels to enable employers to input into the development of professional standards and new qualifications at an early stage.

Building a World-Class Organisation

The Institute will continue to develop its capabilities to offer a wide range of professional banking programmes to support the re-professionalization of the banking sector. Following the review of the Institute's flagship Chartered Banker programme, a new Chartered Banker qualification will be launched in 2011. New delivery technologies may be employed to support students studying for the new Chartered Banker qualification.

In addition, the Institute will develop new and existing qualifications to support the re-professionalization of banking and the needs of other financial services professionals. These will include an increasing number of qualifications and other education programmes developed with existing and new learning partners.

We anticipate working with partners to develop greater e-learning capability to support Institute qualifications, particularly at lower levels, and to develop stand-alone e-learning packages based on Institute materials.

Working in the Public Interest

A successful and sustainable 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. The banking and economic crises have significantly eroded public confidence and trust in banks, bankers and the banking system.

The establishment of the Chartered Banker Professional Standards Board (CB:PSB) is designed to rebuild public confidence in the ethical and professional competence of bankers, and restore pride to the banking profession. The further development and full launch, with industry support of the CB:PSB will, we believe, enable the Institute to make a significant step in rebuilding confidence and trust in the banking industry.

Regaining public confidence and trust also requires developing and reinforcing positive attitudes and customer-focused 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. The continued development of the Institute's qualifications and CPD programmes, and working with a wider range of learning partners to deliver these, will, therefore, form an important part of the Institute's work in 2011.

In addition, the Institute will continue work to expand the Financial Education Partnership (FEP) further in 2011, by seeking additional sources of funding and by recruiting additional volunteers to deliver workshops. Workshops may, for the first time, be delivered outside Scotland. We will also engage with the Scottish Government and others to take forward plans to improve the co-ordination and delivery of financial education in Scottish schools.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Council are responsible for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The 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 state of affairs of the Institute and of the incoming resources and application of resources of the Institute for that period. In preparing these accounts, the Council are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Institute will continue in operation.

The Council are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Institute and 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 Council's responsibilities for the preparation and content of the Annual Report.

The Council are 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.

The Council are responsible for the maintenance and integrity of the Institute and financial information included on the Institute's web site. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

ON BEHALF OF THE COUNCIL OF THE INSTITUTE

A handwritten signature in black ink, appearing to read 'P Grant', written over a horizontal line.

P Grant, President

26 April 2011

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CHARTERED INSTITUTE OF BANKERS IN SCOTLAND

We have audited the accounts of the Chartered Institute of Bankers in Scotland for the year ended 28 February 2011 which comprise the Statement of Financial Activities, the Balance Sheet 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 section 44(1)(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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 28 February 2011 and of its 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 and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) 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 accounts; or
- proper accounting records have not been kept; or
- the accounts 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.

CHIENE + TAIT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

26 April 2011

The Chartered Institute of Bankers in Scotland

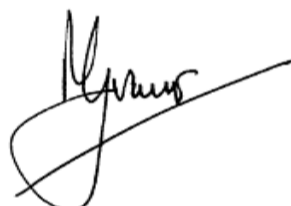
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
for the year ended 28 February 2011

	Notes	General Funds £	Restricted Funds £	Capital Reserve £	Total 2011 £	Total 2010 £
Incoming resources						
<i>Incoming resources from charitable activities:</i>						
Membership subscriptions		537,100	-	-	537,100	570,888
Education programmes	2	1,205,173	-	-	1,205,173	798,856
Events, meetings and special projects	3	86,611	43,807	-	130,418	45,797
Publications		43,095	-	-	43,095	43,409
<i>Incoming resources from generated funds:</i>						
<i>Activities for generating funds:</i>						
Corporate Patronage		171,000	-	-	171,000	171,000
Sales of marketing stock		9	-	-	9	17
Management fee		132,953	-	-	132,953	106,244
Rental income		625	-	-	625	624
Investment income		5,362	-	-	5,362	14,733
Total incoming resources		2,181,928	43,807	-	2,225,735	1,751,568
Resources expended						
<i>Costs of generating funds:</i>						
Cost of activities for generating funds	5	152,609	-	-	152,609	159,885
Investment management costs	5	877	-	-	877	2,948
<i>Resources expended on charitable activities:</i>						
Membership subscriptions	5	95,807	-	-	95,807	105,762
Education programmes	5	1,384,130	900	-	1,385,030	1,167,775
Events, meetings and special projects	5	166,399	1,593	-	167,992	124,081
Publications	5	172,200	-	-	172,200	178,486
Total charitable expenditure		1,818,536	2,493	-	1,821,029	1,576,104
Governance costs	5	194,275	-	-	194,275	193,214
Total resources expended	5	2,166,297	2,493	-	2,168,789	1,932,151
Net incoming/(outgoing) resources before transfers		15,631	41,314	-	56,945	(180,583)
Gross transfers between funds		109,881	(34,134)	(75,747)	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		125,512	7,180	(75,747)	56,945	(180,583)
Gain on revaluation of heritable assets		-	-	-	-	533,882
Gain on revaluation of heritage asset		137,500	-	-	137,500	-
Unrealised gain/(losses) on investment assets		-	586	-	586	(75)
Net movement in funds		263,012	7,766	(75,747)	195,031	353,224
Total funds at 1 March 2010		2,067,523	61,471	75,747	2,204,741	1,851,517
Total funds at 28 February 2011		2,330,535	69,237	-	2,399,772	2,204,741

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 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible Fixed Assets	8	1,117,966	1,181,126
Heritage Assets	9	137,500	
Investments	10	3,969	3,383
		<u>1,259,435</u>	<u>1,184,509</u>
CURRENT ASSETS			
Stocks	11	23,693	24,226
Debtors	12	399,127	385,531
Cash and Bank Balances		999,446	707,926
		<u>1,422,266</u>	<u>1,117,683</u>
CURRENT LIABILITIES			
CREDITORS:			
amounts falling due within one year	13	(281,929)	(97,451)
		<u>1,140,337</u>	<u>1,020,232</u>
NET CURRENT ASSETS			
TOTAL ASSETS		<u><u>2,399,772</u></u>	<u><u>2,204,741</u></u>
FINANCED BY FUNDS			
<i>Restricted Funds</i>			
Prize Funds	14	29,990	30,304
Other Restricted Funds		39,247	31,167
<i>Unrestricted Funds</i>			
Capital Reserve		-	75,747
Accumulated Fund		1,659,153	1,533,641
Bank Notes Collection		137,500	-
Revaluation Reserve		533,882	533,882
TOTAL FUNDS EMPLOYED		<u><u>2,399,772</u></u>	<u><u>2,204,741</u></u>



Philip Grant, President



S Thompson, Chief Executive

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include investments and heritage assets at market value. The financial statements 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 prize funds, and other 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 Drumsheugh Gardens. These premises were purchased during the year ended 28th February 1997. This reserve has now been transferred to unrestricted funds.

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 publications 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 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	4 years
Motor vehicles	4 years (reducing balance)
Fixtures and fittings	10 years
Course development costs	4 years

Property

Heritable property is stated at market value. 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 (2010 - Nil).

Heritage assets

The Institute's collection of banknotes are reported in the balance sheet at their mid-market value. The valuations were made by Robert Murray Stamp Shop, Edinburgh for the purpose of the recognition of the collection in the financial statements and for insurance purposes. Gains and losses on revaluations are recognised in the Statement of Financial Activities (SoFA).

Expenditure which is required to preserve or prevent deterioration of individual banknotes within the collection is recognised in the SoFA when it is incurred. The banknotes are deemed to have indeterminate lives and the trustees do not therefore consider it appropriate to charge depreciation.

The Institute's constitution does not prohibit the sale or disposal of the banknote collection however this will only be done in exceptional circumstances, subject to the approval of the Institute's trustees.

The Institute's management policy in respect of its heritage assets is summarised in note 9(b) to the financial statements.

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. Contributions to this scheme have now been limited. Salaries, on which these contributions are based, are limited to an annual increase of the lower of 2% and the annual rate of inflation.

Since October 2006 this scheme has been closed to new entrants and payments on behalf of these employees are made to a defined contribution scheme and charged to the Statement of Financial Activities in the period to which they relate.

The Chartered Institute of Bankers in Scotland

NOTES TO THE ACCOUNTS
at 28 February 2011

2 Education	2011	2010
	£	£
Enrolment and exemption fees	422,465	449,185
Examination entry fees	127,566	104,925
Certificate course fees, RQF and Short Courses Income	591,142	152,746
Financial Education Partnership income	64,000	92,000
	<u>1,205,173</u>	<u>798,856</u>
3 Events, meetings and special projects	2011	2010
	£	£
Biennial Dinner Income	66,788	-
Rising Star sponsorship income	17,500	17,500
Other income	2,323	1,034
	<u>86,611</u>	<u>18,534</u>
4 Support costs	2011	2010
	£	£
Printing, stationery and office expenses	29,872	41,417
Postage and telephone	33,246	32,203
Legal fees	2,008	3,005
Bank interest and charges	5,884	5,097
Staff training	7,215	1,932
Motor expenses	4,302	6,344
Irrecoverable VAT	49,820	27,563
Computer costs	81,131	71,289
Rent paid, rates and insurance	24,046	24,967
Light, heating, repairs, cleaning and professional fees	27,745	19,899
Entertainment	6,155	5,140
Travel expenses	60,153	45,924
Marketing	30,699	6,584
Business development	13,114	16,649
	<u>375,390</u>	<u>308,013</u>

5 Total resources expended

	Staff Costs	Other direct	(note 4) Support costs	Dep'n	Total 2011	Total 2010
	£	£	£	£	£	£
Charitable activities:						
Membership subscriptions	14,613	-	58,560	22,634	95,807	105,762
Education programmes	742,732	351,169	239,444	50,785	1,384,130	1,166,875
Events, meetings and special projects	81,830	62,984	17,935	3,650	166,399	123,296
Publications	46,761	110,585	13,038	1,816	172,200	178,486
	<u>885,936</u>	<u>524,738</u>	<u>328,977</u>	<u>78,885</u>	<u>1,818,536</u>	<u>1,574,419</u>
Generated Funds: activities to generate funds						
Bank contributions	46,762	-	13,026	7,206	66,994	70,105
Sales of marketing stock	117	-	38	-	155	150
Management fee	58,451	-	18,897	5,603	82,951	83,034
Sponsorship	935	-	938	-	1,873	3,718
Rental income	584	-	26	26	636	2,877
	<u>106,849</u>	<u>-</u>	<u>32,925</u>	<u>12,835</u>	<u>152,609</u>	<u>159,884</u>
Investment management costs	877	-	-	-	877	2,948
Governance costs	175,352	5,435	13,488	-	194,275	193,214
Total	<u>1,169,014</u>	<u>530,173</u>	<u>375,390</u>	<u>91,720</u>	<u>2,166,297</u>	<u>1,930,465</u>

6 Net Incoming Resources

	2011	2010
	£	£
Net Incoming Resources is stated after charging:		
Auditors' Remuneration	5,435	5,191
Depreciation and other amounts written off owned fixed assets	89,963	110,159
Loss on disposal of fixed assets	1,757	11,313
and after crediting		
Rent receivable	625	624

The Chartered Institute of Bankers in Scotland

NOTES TO THE ACCOUNTS at 28 February 2011

7 Staff numbers and costs

The average number of employees employed by the Institute during the year was 24 (2010: 24)
The aggregate payroll costs of these persons were as follows:-

	2011 £	2010 £
Salaries	918,210	924,019
Social security costs	87,916	86,888
Other pension costs	162,888	168,247
	<u>1,169,014</u>	<u>1,179,154</u>

Remuneration of Trustees

A trustee received remuneration of £136,536 in relation to his duties as a staff member of the Institute.

Employees

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

	2011	2010
70,001- 80,000	1	-
80,001 - 90,000	-	1
90,001-100,000	-	-
100,001-110,000	1	1
110,001 -120,000	-	-
120,001-130,000	-	-
130,001-140,000	1	1

The above analysis of emoluments excluded pension contributions of £58,815 (2010: £60,184) in respect of 3 employees.

8 Fixed Assets

	Property £	Course Development £	Motor Vehicles £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost or valuation						
At 1 March 2010	950,000	237,341	70,074	239,887	563,861	2,061,163
Additions	-	11,850	-	-	16,709	28,559
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	(25,958)	(25,958)
At 28 February 2011	<u>950,000</u>	<u>249,191</u>	<u>70,074</u>	<u>239,887</u>	<u>554,612</u>	<u>2,063,764</u>
Depreciation						
At 1 March 2010	-	168,827	30,738	184,542	495,930	880,037
Disposals	-	-	-	-	(24,202)	(24,202)
Charge for the year	-	29,605	9,835	10,753	39,770	89,963
At 28 February 2011	<u>-</u>	<u>198,432</u>	<u>40,573</u>	<u>195,295</u>	<u>511,498</u>	<u>945,798</u>
Net Book Value						
At 28 February 2011	<u>950,000</u>	<u>50,759</u>	<u>29,501</u>	<u>44,592</u>	<u>43,114</u>	<u>1,117,966</u>
At 28 February 2010	<u>950,000</u>	<u>68,514</u>	<u>39,336</u>	<u>55,345</u>	<u>67,931</u>	<u>1,181,126</u>

The property at Drumsheugh Gardens, Edinburgh was valued at 28th February 2010, on an open market basis, by DM Hall, property surveyors. The historic cost of property was £368,765

9(a) Tangible Fixed assets - Heritage Assets

Cost	£
As at 1 March 2010	-
Revaluation	137,500
As at 28 February 2011	<u>137,500</u>

Previous to the valuation in March 2011 by Robert Murray Stamp Shop, the Institute's heritage assets were not disclosed in the balance sheet. The collection of banknotes has been accumulated from donations, over a number of years and therefore no cost or value had previously been attributed to the assets.

9(b) Heritage Assets Management Policy

The Institute holds various historical banknotes. The Institute's heritage assets are currently held in secure off-site storage and the trustees, are currently looking at various ways in which the assets could be made available to the public for inspection.

Acquisitions are made by donation only. The Institute's constitution does not prohibit the sale or disposal of the banknote collection however this would only be done in exceptional circumstances.

**NOTES TO THE ACCOUNTS
at 28 February 2011**

10 Investments

	2011	2010
	£	£
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	(75,187)	(75,773)
Total market value of investments	<u>3,969</u>	<u>3,383</u>
Invested as follows :		
6,362 Lloyds Banking Grp ordinary stock	3,969	3,383
	<u>3,969</u>	<u>3,383</u>
Attribution :		
Restricted prize funds	<u>3,969</u>	<u>3,383</u>
All investment assets are held in UK.		

11 Stocks

	2011	2010
	£	£
Institute ties, sweaters, cufflinks, key rings, letter openers	4,545	5,137
Chartered Banker Course Material	3,692	6,798
Certificate Course Material	1,146	1,749
Mapc Course Material	2,583	1,394
Stationery stock	11,727	9,148
	<u>23,693</u>	<u>24,226</u>

12 Debtors

	2011	2010
	£	£
Other Debtors	348,735	291,993
Corporate Patronage	11,750	57,500
VAT	-	498
The Committee of Scottish Clearing Bankers	38,642	35,540
	<u>399,127</u>	<u>385,531</u>

13 Creditors: amounts falling due within one year

	2011	2010
	£	£
Other Creditors	50,502	43,016
Taxation & Social Security	4,500	2,624
VAT	21,302	-
Accruals	17,312	6,473
Deferred Income	188,313	45,338
	<u>281,929</u>	<u>97,451</u>

14 Prize funds held in trust

a) The following prize funds are held in trust as at 28 February 2010 (cost).

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

at 28 February 2011

	2011	2010
	£	£
Held in investment pool at market value	3,969	3,383
Short term cash deposits	26,021	26,921
	<u>29,990</u>	<u>30,304</u>

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

	<i>Investment Income</i>	<i>Prizes Distributed</i>	<i>Net Increase/ (decrease) in Cash Deposits</i>
	£	£	£
<i>Fund</i>			
T McGuffie Memorial Fund	-	(300)	(300)
Sir Bruce Pattullo Prize	-	(600)	(600)
			-
<i>Total</i>	<u>-</u>	<u>(900)</u>	<u>(900)</u>

NOTES TO THE ACCOUNTS
at 28 February 2011

15 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 2010 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 2010 by independent actuaries, using the following assumptions:-

	2010	2009
Discount rate	5.5%	5.9%
Expected return on plan assets	6.7%	6.2%
Rate of increase in salaries	1.80%	1.80%
Rate of increase in pensions in payment	3.30%	3.50%
Inflation assumption (per annum)	3.30%	3.50%

The most recent funding valuation of the main RBS scheme was 31 March 2007. A funding valuation of the main UK scheme is currently in progress. The funding rate is currently 25% of pensionable payroll. The pension contributions for the current year paid to Royal Bank of Scotland Group Pension Fund were £134,095 (2010: £147,212).

The Institute employs 17 staff for whom retirement benefits are accruing under this defined benefit scheme. Since 1st January 2010 contributions to this scheme have been limited. Salaries, on which these contributions are based, are limited to an annual increase of the lower of 2% and the annual rate of inflation. Since October 2006 this pension scheme has been closed to new employees, contributions amounting to £28,793 have been paid to a defined contribution scheme.

16 Capital Commitments

The Institute has committed to expend £nil at the balance sheet date (2010 -£nil).

17 Analysis of net assets by fund

	Fixed Assets	Heritage Assets	Investments	Net current assets	Total
	£	£	£	£	£
Restricted Funds					
Prize Fund	-	-	3,969	26,021	29,990
First European Project	-	-	-	1,328	1,328
BIF Project	-	-	-	-	-
Committee Scottish Clearing Bankers	-	-	-	17,000	17,000
FEP -European	-	-	-	20,919	20,919
Unrestricted Fund					
Accumulated Fund	584,084	-	-	1,075,069	1,659,153
Revaluation Reserve	533,882	-	-	-	533,882
Heritage Assets		137,500			137,500
	<u>1,117,966</u>	<u>137,500</u>	<u>3,969</u>	<u>1,140,337</u>	<u>2,399,772</u>

NOTES TO THE ACCOUNTS
at 28 February 2011

18 Analysis of movements on funds

	<u>Opening Balance</u>	<u>Incoming</u>	<u>Expended</u>	<u>Gains/(Losses)</u>	<u>Transfer to general fund</u>	<u>Closing Balance</u>
Restricted Funds						
Torrance McGuffie Prize	4,024	-	(300)	-	-	3,724
Sir Bruce Patullo Prize	26,280	-	(600)	586	-	26,266
EBTN Certified Project	9,059	-	-	-	(9,059)	-
BIF Project	5,108	-	(177)	-	(4,931)	-
First European Project	-	9,513	(952)	-	(7,233)	1,328
Committee Scottish Clearing Bankers	17,000	-	-	-	-	17,000
FEP -European	-	34,294	(464)	-	(12,911)	20,919
Unrestricted Funds						
Capital Reserve	75,747	-	-	-	(75,747)	-
Accumulated Fund	1,533,641	2,181,928	(2,166,297)	-	109,881	1,659,153
Revaluation Reserve	533,882	-	-	-	-	533,882
Heritage Assets	-	-	-	137,500	-	137,500
	<u>2,204,741</u>	<u>2,225,735</u>	<u>(2,168,790)</u>	<u>138,086</u>	<u>-</u>	<u>2,399,772</u>

The Sir Bruce Pattullo Prize is awarded to the candidate scoring the highest total mark in the Chartered Banker Course examinations

This prize has been established through a generous donation given by Sir Bruce Pattullo CBE.

The individual who obtains the second highest total mark in the Chartered Banker Course examinations is awarded the Torrance McGuffie Memorial Prize.

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.

This project has now been completed. First European project is a European Lifelong learning initiative.

The BIF project aims to create a European network in Banking, Insurance and Finance to promote the application of the European Credit System for Vocational Education and Training (ECVET). The project is co-ordinated by EBTN and consists of several partners from across Europe.

Committee of Scottish Clearing Bankers restricted fund represents funds transferred for the purpose of meeting unanticipated future expenditure of The Committee of Scottish Clearing Bankers.

FEP - European project aims to take our existing Financial Education Partnership model and trial it in a number of European countries.

Transfers to general fund represents restricted staff costs paid out of the general fund. Trustees also decided to transfer the capital fund to accumulated fund given that the fund has lay dormant since the purchase of Drumsheugh Gardens in 1997.

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 £171,000 (2010 - £171,000) to the Institute.

At 28 February 2011 £11,750 (2010: £57,500) was due from corporate patrons.