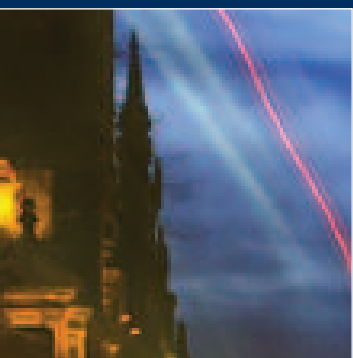
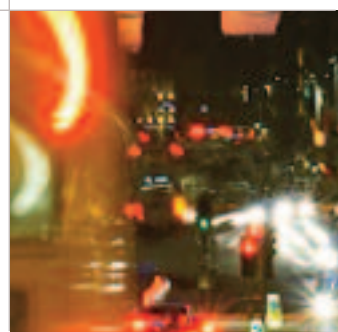




ANNUAL REPORT & ACCOUNTS OF  
**THE CHARTERED INSTITUTE  
OF BANKERS IN SCOTLAND**  
FOR THE YEAR ENDED 28 FEBRUARY 2010

**Chartered Banker**  
Leading financial professionalism





# Annual General Meeting

The 135th Annual General Meeting of the Institute will be held in Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh on Friday 25th June, 2010 at 4.15pm. All members are invited to attend.

## Agenda

Minutes of the 134th Annual General Meeting held on 22nd June 2009 at the Institute's offices, 38b Drumsheugh Gardens, Edinburgh. These were printed in the August 2009 edition of Chartered Banker.

1. Address by the President, Mr P Grant.
2. Submission of the Annual Report for 2009-2010.
3. Submission of Accounts for the year to 28 February 2010 and Auditor's Report.
4. Appointment of Auditor for 2010-2011.  
The re-appointment of Messrs Chiene + Tait will be proposed.
5. Election of Corporate Patron representatives  
*Nomination:*  
J S Lindsay, General Manager, Airdrie Savings Bank
6. Election of Fellow Representatives  
*Nominations:*  
T Burns, formerly National Australia Group Europe  
J Fraser, Legal & Compliance Director, ING Direct  
W J Kinnear, Manager, Airdrie Savings Bank  
D Mackay, Divisional Director, Santander  
M R McLean, Chairman, Adam & Company
7. Election of Member Representative  
*Nomination:*  
R McElroy, Associate Director, Barclays Bank
8. Nominated to represent the Scottish Banks:  
*Nominations:*  
P Grant, Managing Director, UK Private Banking, Lloyds Banking Group  
J D Needham, Director of Risk, The Royal Bank of Scotland Group plc  
Kevin Page, Operations Director, Clydesdale Bank PLC  
P G Walker, Integration Director, Lloyds TSB Scotland plc
9. Election of President for 2010-2011  
*Nomination:*  
P Grant, Managing Director, UK Private Banking, Lloyds Banking Group
10. Election of Senior Vice President for 2010-2011  
*Nomination:*  
J S Lindsay, General Manager, Airdrie Savings Bank
11. Election of Vice Presidents for 2010-2011  
*Nominations:*  
T Burns, formerly National Australia Group Europe  
J D Needham, Risk Director, The Royal Bank of Scotland plc  
Kevin Page, Operations Director, Clydesdale Bank PLC  
P G Walker, Integration Director, Lloyds TSB Scotland plc
12. Proposal to Set Subscriptions for Certificated Members:  
The motion will be proposed that:  
"Subscriptions for Certificated Members shall be set at £95 per year for all new Certificated Members from 1st July 2010."
13. 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

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

### Senior Vice President

J S Lindsay, General Manager, Airdrie Savings Bank, (re-elected 22 June 2009 CPR) (elected as Senior Vice President 22 June 2009) EXC, NC, RC

### Vice Presidents

T Burns\*, formerly National Australia Group Europe, (appointed 22 June 2009) (elected as Vice President 22 June 2009) EXC, AC

M J Fullerton, formerly Lloyds TSB Scotland plc, (elected 22 June 2009 FR) (re-elected as Vice President 22 June 2009) EXC, NC

G Hartop, Managing Director, Scottish Widows Bank, (re-elected 27 June 2007) (re-elected as Vice President 22 June 2009) EXC, AC

S Hornell\*, Head of Operational Risk and Compliance, National Australia Group Europe, (retired 22 June 2009) EXC, AC, RC

J Needham\*, Director of Risk, The Royal Bank of Scotland plc, (appointed 22 June 2009) (elected as Vice President 22 June 2009) EXC, AC

### Immediate Past President

M R McLean, Group General Counsel and Group Secretary, The Royal Bank of Scotland Group plc, (ex-officio)

### Council Elected and Appointed

I Balgowan, Business Partner, Clydesdale Bank PLC (retired 22 June 2009)

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

M G Cockburn, formerly Bank of Scotland, (elected 22 June 2009 DCR)

E Collins, Head of Training & Communications, Group Payments Compliance, Lloyds TSB Scotland plc (re-elected 22 June 2009 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 Fox, Senior Partner, Clydesdale Bank PLC (retired 22 June 2009)

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

A D Low, Head of Credit Risk and Business Analysis, Standard Life Bank plc, (re-elected 22 June 2009 CPR)

E Munro, Managing Director, Retail Transformation, The Royal Bank of Scotland Group plc (re-elected 22 June 2009 FR)

K Page, Operations Director, Clydesdale Bank PLC, (elected 22 June 2009 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, The Chartered Institute of Bankers in Scotland, (ex-officio) EXC

R Topley, Partner, Financial Services Practice, Deloitte LLP, (appointed 22 June 2009 LM) EXC

P Walker\*, Integration Director, Lloyds TSB Scotland plc, (appointed 22 June 2009)

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 D Langley, FCIBS (Director of Business Development)

Mr G Cuthbert (Director of Professional Development)

Mr Langley retired in January 2010, and was replaced by Mr G Cuthbert, appointed as Director of Professional Development with effect from October 2009. During his 12 years as Director of Business Development, Derek Langley played a key role in building the Institute's member and student base in Scotland and beyond,

helping to transform the way in which the Institute engaged with and supported the UK banking industry. He joined the Institute after a successful career in banking with TSB, and throughout his career epitomised the high levels of integrity and professionalism that the Institute stands for. The CIOBS Council would like to take this opportunity to formally recognise Mr Langley's contribution to the development of the Institute, and to wish him a very happy retirement.

#### **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 as at 28th February 2010 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 auditor.

- **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 member 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**

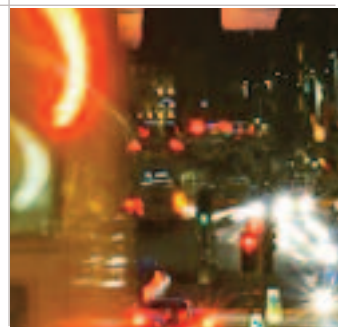
The Institute recognised the following banks as Corporate Patrons during 2009/10: Airdrie Savings Bank, Bank of Scotland, Clydesdale Bank, Lloyds TSB Scotland, The Royal Bank of Scotland and Standard Life Bank. The status of Corporate Patron was introduced to allow the CIOBS to formalise existing relationships with banks and supporting organisations and to recognise their valuable contribution to the professional development of the financial services sector. The acquisition of Standard Life Bank by Barclays plc during the year has not, to date, affected its status as a Corporate Patron.

The Institute also recognises the following organisations as Sponsorship Partners: Deloitte LLP, Ernst & Young LLP and Morton Fraser LLP. Sponsorship Partners are organisations which 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 banking crisis of 2007-2009 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.

### Strategic Aims and Themes

In pursuit of the above 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:

- 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. The banking crisis has brought into sharp focus the need to re-professionalise the banking industry. As the only remaining institute of bankers in the UK, CIOBS has a unique role to play in helping the industry demonstrate its commitment to professionalism. The 2007 strategic review and the strategic themes identified remain highly relevant to the Institute today.

## Achievements and performance

### Overview

In 2008 and 2009, the global financial crisis and its effects on the UK banks has impacted on the Institute's student enrolments and financial performance, as might be expected. Recognising this, the Council and Executive determined that the focus for CIOBS in 2009 should be on positioning the Institute to be ready to support the re-professionalisation of the banking industry from 2010 onwards, rather than chasing short-term revenue. This has involved:

- Building a greater presence for the Institute throughout the UK, seeking commitment to the re-professionalisation of the industry from a wide range of banks and other stakeholders;
- Strengthening the Chartered Banker brand as the "gold standard" of professionalism in the banking industry;
- Launching new routes to Chartered Banker status for new entrants and experienced banking professionals;
- Launching new regulatory qualifications to support the Retail Distribution Review in the retail banking sector;
- Launching a new range of introductory qualifications (the Professional Banker Certificate and Diploma);
- Operationalising several UK and international learning partnerships;
- Enhancing the Institute's CPD offering, and conducting the first CPD audits; and
- Ensuring that the Institute has the appropriate infrastructure in place to support increased student and member numbers in future years.

Recent events have demonstrated the importance of developing and embedding high ethical, professional and technical standards in the banking and financial services industry through high-quality education, supported by a compelling membership proposition. As the only remaining institute of bankers in the UK, CIOBS is well-placed to support the anticipated re-professionalisation of the UK banking industry.

### 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 in 2009 involved enhancing and promoting our thought-leadership in this area.

Independent research commissioned during 2009 demonstrated very high levels of public support for the Institute's work to enhance and embed professional standards. More than 84% of retail customers insisted they would rather be a customer of a bank where staff held banking qualifications. Four in ten customers reported greater confidence in financial advice from a Chartered Banker than from any other individual.

Similarly, a majority of business decision-makers said they would trust the advice of a Chartered Banker more than that of other bankers, with any other degree, diploma or recognised qualification. 57% also expressed a marked preference for Relationship Managers who were Chartered Bankers.

This strong endorsement reflects the fact that CIOBS 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. As well as continuing to enhance the flagship Chartered Banker qualification, the Institute launched a new suite of introductory level qualifications in 2009 – the Professional Banker Certificate and the Professional Banker Diploma – following public consultation. These are introductory qualifications for individuals working in retail, business and private banking designed to enable them to understand how to meet the needs of a range of customers in a professional and responsible manner, and demonstrate commitment to ethical and professional standards. CIOBS was delighted to welcome Tesco Bank as the first organisation to adopt the Professional Banker Certificate.

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. Of particular note was a successful joint seminar with the BBA in London in December 2009, titled "Re-Setting the Moral Compass."

### **Accelerating and Sustaining Growth**

As expected, student enrolments in 2009 were lower than in previous years. The small number of graduates joining the industry in autumn 2009 impacted on Chartered Banker student numbers, and the severe decline in the mortgage market meant that the number of students attempting the Institute's regulatory qualifications fell. The launch of the Professional Banker Certificate towards the end of the year meant that enrolments for introductory level qualifications actually exceeded expectations, however.

Given the anticipated re-professionalisation of the banking industry from 2010, the Institute's work during the past year has focused on developing the qualifications and infrastructure needed to support increased student numbers. In addition to the launch of the Professional Banker Certificate and Diploma, as noted above, the Institute has developed and launched, in the past 12 months, an ambitious range of new and enhanced qualifications, including:

- Senior Management Route to Chartered Banker (SMART Chartered Banker), with Reed Learning, combining experiential, prior certificated and formal learning;
- Advanced Diploma in Credit, in partnership with Omega Credit Skills;
- Diploma in Investment Planning (a "top-up" qualification for bancassurance advisers who need to meet the FSA's new requirements, as set out in the Retail Distribution Review); and
- Diploma in Investment Accounting, in partnership with Scottish Investment Operations and the Institute of Chartered Accountants in Scotland.

Despite concentrating on the UK market, the Institute has welcomed increasing interest from similar professional bodies and others internationally. At the end of 2009, we were delighted to welcome more than 400 new Chartered Bankers from the Institute of Bankers in Ireland, following accreditation of their qualification and CPD programmes. We were also pleased, during the year, to welcome our first 20 Chartered Banker students from the Hong Kong Institute of Bankers. A partnership agreement was also concluded with the Institute of Bankers in the Bahamas, which will see new students and members join CIOBS during 2010.

### **Enhancing Member and Employer Engagement**

Despite the cancellation of some Institute and District Centre social events in 2009, due to concerns that these

might seem inappropriate at a time of economic hardship, educational and professional events were well attended during the year. The new website ([www.charteredbanker.com](http://www.charteredbanker.com)) was further developed during the year, and the "Chartered Banker" magazine, relaunched in 2008, has been further enhanced.

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. These included online e-learning modules in business and soft-skills, and the launch of a "Credit Skills Library," all available free of charge to CIOBS members. In addition, CIOBS conducted the first annual CPD audits during 2009 to monitor compliance with the new Chartered Banker CPD scheme. Participation in the scheme is mandatory for all Members and Fellows who wish to retain the Chartered Banker title.

To help members meet the Institute's CPD requirements, an "Approved CPD Employer" scheme was launched to recognise professional development provided at work. The Institute has accredited Airdrie Savings Bank, National Australia Group and the Royal Bank of Scotland as Approved CPD employers, and work is continuing to accredit other major employers of CIOBS members.

Following the retirement of Derek Langley as Director of Business Development in December 2009, a new Professional Development team was created, strengthened by the appointment of Giles Cuthbert as Director of Professional Development, and the arrival of two additional Relationship Managers, Jennifer Mallon and Rob McAulay. Throughout 2009, the Business Development/Professional Development team has continued to build relationships with banks and others throughout the UK, and the Institute now has links with many of the leading UK banks, including the "new" banks.

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

Despite the very challenging economic conditions the Institute has continued to develop its portfolio of qualifications to meet the changing needs of the industry both in the UK and overseas.

In 2009 the Institute launched a new suite of introductory level qualifications for individuals working in retail, business and private banking environments. The Professional Banker Certificate is aimed at providing individuals with an understanding of the key ethical, regulatory, economic, legal and credit issues which are important for effective performance as bankers. This new qualification is offered on a distance learning basis and examinations are offered throughout the UK in our network of on-line centres.

As a follow on from the Professional Banker Certificate

the Institute also launched the Professional Banker Diploma which consists of a range of subjects which further develop the themes introduced at Certificate level.

The Institute also launched a pilot version of a new Diploma in Investment Planning which is designed to meet the needs of the new regulatory qualification requirements being developed by the Financial Services Authority.

During 2009 the Institute completed the implementation of a new on-line examination system for our higher level examinations. All of the Institute's examination are now offered on an on-line basis and we have extended the number of on-line examination centres to over 70 across the UK.

In 2009 the Institute in partnership with Scottish Investment Operations and the Institute of Chartered Accountants in Scotland launched a new Diploma in Investment Accounting. This qualification filled a gap in the market for a qualification for those working in Investment Accounting. The first course had 35 enrolments and it is anticipated that numbers will continue to grow both here in the UK and in other parts of the world.

Early in 2009 the Institute became the first professional body to be given powers to credit rate qualifications for the Scottish Credit and Qualifications Framework. A condition of gaining credit rating powers was that the Institute should have an external review of all education policies, processes and procedures. This review was carried between June and October 2009 with the external review team reporting their findings to the Institute Council at their December meeting. The review highlighted several areas for improvement and development and also identified many areas of good practice within the Institute.

In 2009 the Institute became a partner in two European Funded Projects with partners from the European Bank Training Network. The Financial Services EQF Translators Project (FIRST project) aims to translate national qualifications in our sector into the European Qualifications Framework. The purpose of the second project entitled the Banking Insurance and Finance Network (BIF) is to apply the principles of the European

Credit System for Vocational Education and Training to the financial services sector.

### **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. This encompasses:

- Consulting with the banking industry and others to identify appropriate professional standards;
- 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.

Professional standards help build confidence and trust in individuals and institutions, and provide a solid foundation for a sustainable banking industry. As reported above, independent research commissioned during 2009 demonstrated very high levels of public support for the Institute's work in this respect. During the year, the Institute continued to enhance qualification and CPD programmes to stress the importance of ethics and professionalism, including in our new Professional Banker Certificate.

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. The organisations that funded and supported the FEP during 2009 were: Airdrie Savings Bank, Clydesdale Bank, Dunfermline Building Society, HBOS plc, LloydsTSB Scotland, The Royal Bank of Scotland and Standard Life. Tesco Bank joined the FEP in autumn 2009.



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 30,000 young people across Scotland. The feedback from teachers and students alike has been resoundingly positive, and the majority of teachers request the FEP's services again and again to help them in meeting annual curriculum objectives and to educate students about the career opportunities available to them in the financial sector.

Following an earlier review of CIOBS governance, the Institute welcomed two new lay members – Marlene Shiels and Rob Topley – to Council in 2009 to represent the public interest on the Institute's governing body.

### Staffing

There were several changes to the staff at the Institute during 2009. In April Leanne Hogg left her role in the Customer Service Team to begin a new life in Australia. In May John Mellan left his role in the Committee of Scottish Clearing Bankers. Paul Bethune also left the Customer Service Team in October.

We were pleased to welcome Maciej Kacprzyk to the Customer Service Team in July.

Later in the year the Business Development team was re-organised and renamed Professional Development and we were pleased to welcome two new faces with Jennifer Mallon joining in December and Robert McAulay in January 2010.

Derek Langley retired from his role as Director of Business Development in January 2010. Derek was replaced by Giles Cuthbert who moved from a Curriculum and Development role in the Education team to be the new Director of Professional Development for the Institute.

## Financial review and results

During the year ended 28th February 2010 the Institute had net incoming resources of £353,224 (2009: net outgoing resources of £133,603). This was fuelled by an unrealised gain on revaluation of heritable property of £533,882.

The year proved to be a challenging one, with continuing developments within the sector in which the Institute operates. Despite this, comfort is taken from the fact that the Institute retains a strong asset position, with total assets of £2,204,741 (2009: £1,851,517). Maintaining this strong financial position is necessary to support the realistic and ambitious program which we hope will provide the platform for growth which we expect to enjoy in the coming years.

The Institute's reserves policy requires that reserves be maintained at a level which ensures that the 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

### Overview

The need for professional banking qualifications designed to raise 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, CIOBS is 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.

As the banking sector and the wider economy recover from the effects of the crisis of the past two years, we anticipate an increase in student enrolments during 2010, driven by re-professionalisation of the banking industry and by regulatory changes. We anticipate working with a wider range of learning partners to deliver qualifications and learning support to students throughout the UK and beyond.

During the year, 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 required. We will continue to develop the Institute's CPD programme, which reinforces and further develops 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 throughout the UK.

### Promoting Professionalism

In 2010, the Institute will continue its leading role in the re-professionalisation of the banking industry. Customer demand, regulatory changes and a greater appreciation of the benefits of professional qualifications will, we believe, drive increased member and student numbers from a wider range of banks and financial services organisations, including some of the "new" banks. Working with current and new learning partners, we expect to consolidate the Institute's presence throughout the UK.

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

The Professional Development team will continue its work to grow member and student numbers from new and existing 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 regulatory drivers. In the next year, we plan to focus our efforts on work in relation to the RDR, promoting the Professional Banker Certificate, and further embedding Chartered Banker across the industry.

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

### Enhancing Member and Employer Engagement

CPD will continue to be a major focus for the Member Services team. We will be providing additional resources for members, including material to support the Professionalism and Ethics element of the CPD scheme. The Institute will continue its work to accredit major employers of our members for the Approved Employer Scheme.

Through a range of methods, including use of web 2.0 technologies and improved email communications, we aim to increase the quality and regularity of communications with members and to encourage more active engagement.

Regular communications with employers will be maintained to ensure that key contacts are kept up-to-date with Institute activities and developments.

### Building a World-Class Organisation

The Institute will continue to develop its capabilities to offer a wide range of provision to suit the ever changing needs and challenges of our market. In particular the Institute will launch qualifications to meet the new regulatory requirements of the FSA that will be finalised during 2010.

The Institute will also consider in 2010 how the Chartered Banker programme can be further enhanced to meet the future needs of our members and their employers. We will also continue to develop the Chartered Banker brand and to seek opportunities both at home and abroad to further develop and enhance our provision.

### 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.

Since 2007, governments, regulators and the banking industry have worked to bolster capital reserves and restore liquidity to the system. A truly sustainable banking industry requires more than adequate financial capital; it must also be built on a solid foundation of human capital committed to high ethical and professional standards, and to an understanding of the social responsibilities of banks and bankers. Re-gaining

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. 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 2010. In addition, the Institute will work to expand the Financial Education Partnership (FEP) further in 2010, by seeking additional sources of funding and by recruiting additional volunteers to deliver workshops. CIOBS 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.

During 2010 the Institute also plans to offer support to Opportunity International (OI), a microfinance charity, in Malawi and elsewhere. We plan to support the development of a Learning Centre in Malawi for OI staff, and to encourage Institute members and others to support the charity.

## Statement of Trustees' responsibilities

The Council is 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 is 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 is 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 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.

The Council is 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



P Grant, President  
23 April 2010



## 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 2010, which comprises the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 18. These accounts have been prepared under the accounting policies set out therein.

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 auditors' 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

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

We have been appointed as auditors 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 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.

We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the accounts, if the charity has not kept proper accounting records, if the charity's statement of account is not in agreement with these accounting records, or if we have

not received all the information and explanations we require for our audit.

We read the Trustees' 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 28 February 2010 and of its incoming resources and application of resources, for the year then ended; and
- the accounts have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

CHIENE + TAIT

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

23 April 2010

# Statement of Financial Activities

(Incorporating Income and Expenditure Account) for the year ended 28 February 2010

	Notes	General Funds £	Restricted Funds £	Capital Reserve £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>						
<i>Incoming resources from charitable activities:</i>						
Membership subscriptions		570,888	-	-	570,888	576,990
Education program	2	798,856	-	-	798,856	1,075,310
Events, meetings and special projects	3	18,534	27,263	-	45,797	25,725
Publications		43,409	-	-	43,409	59,926
<i>Incoming resources from generated funds:</i>						
<i>Activities for generating funds:</i>						
Corporate Patronage		171,000	-	-	171,000	181,000
Sales of marketing stock		17	-	-	17	23
Management fee		106,244	-	-	106,244	111,244
Rental income		624	-	-	624	40
Investment income		12,300	2,433	-	14,733	40,940
<b>Total incoming resources</b>		<b>1,721,872</b>	<b>29,696</b>	<b>-</b>	<b>1,751,568</b>	<b>2,071,198</b>
<b>Resources expended</b>						
<i>Costs of generating funds:</i>						
Cost of activities for generating funds	5	158,046	-	-	158,046	171,859
Investment management costs	5	2,948	-	-	2,948	3,031
<b>Net incoming resources available for charitable application</b>		<b>1,560,878</b>	<b>29,696</b>	<b>-</b>	<b>1,590,574</b>	<b>1,896,308</b>
<b>Resources expended on charitable activities:</b>						
Membership subscriptions	5	101,984	-	-	101,984	117,123
Education program	5	1,161,589	900	-	1,162,489	1,366,865
Events, meetings and special projects	5	123,173	785	-	123,958	125,378
Publications	5	178,199	-	-	178,199	163,884
<b>Total charitable expenditure</b>		<b>1,564,945</b>	<b>1,685</b>	<b>-</b>	<b>1,566,630</b>	<b>1,773,250</b>
<b>Governance costs</b>	5	<b>193,214</b>	<b>-</b>	<b>-</b>	<b>193,214</b>	<b>199,443</b>
<b>Total resources expended</b>		<b>1,758,159</b>	<b>1,685</b>	<b>-</b>	<b>1,759,844</b>	<b>1,972,693</b>
<b>Net (outgoing)/incoming resources before recognised gains and losses</b>		<b>(197,281)</b>	<b>28,011</b>	<b>-</b>	<b>(169,270)</b>	<b>(76,385)</b>
Unrealised loss on investment assets		-	(75)	-	(75)	(56,849)
Unrealised gain on heritable assets	8	533,882	-	-	533,882	-
Loss on disposal of fixed assets		(11,313)	-	-	(11,313)	(369)
<b>Net incoming/(outgoing) resources</b>		<b>325,288</b>	<b>27,936</b>	<b>-</b>	<b>353,224</b>	<b>(133,603)</b>
<b>Total funds at 1 March 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>
<b>Total funds at 28 February 2010</b>		<b>2,067,523</b>	<b>61,471</b>	<b>75,747</b>	<b>2,204,741</b>	<b>1,851,517</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 2010

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	8	1,181,126	689,845
Investments	9	3,383	3,458
		<u>1,184,509</u>	<u>693,303</u>
<b>CURRENT ASSETS</b>			
Stocks	10	24,226	27,511
Debtors	11	385,531	334,697
Cash and Bank Balances		707,926	981,256
		<u>1,117,683</u>	<u>1,343,464</u>
<b>CURRENT LIABILITIES</b>			
<b>CREDITORS:</b> amounts falling due within one year	12	(97,451)	(185,250)
<b>NET CURRENT ASSETS</b>		<u>1,020,232</u>	<u>1,158,214</u>
<b>TOTAL ASSETS</b>		<u>2,204,741</u>	<u>1,851,517</u>
<b>FINANCED BY FUNDS</b>			
<i>Restricted Funds</i>			
Prize Funds	13	30,304	28,846
Other Restricted Funds		31,167	4,689
<i>Unrestricted Funds</i>			
Capital Reserve		75,747	75,747
Accumulated Fund		1,533,641	1,742,235
Revaluation Reserve		533,882	-
<b>TOTAL FUNDS EMPLOYED</b>		<u>2,204,741</u>	<u>1,851,517</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 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.

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	5 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 (2009 – 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. Contributions to this scheme have now been limited to 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.



# Notes to the Accounts at 28 February 2010

## 2 Education

	2010 £	2009 £
Enrolment and exemption fees	449,185	555,525
Examination entry fees	104,925	239,830
Certificate course fees, MAPC and Short Courses Income	152,746	191,955
Financial Education Partnership income	92,000	88,000
	<u>798,856</u>	<u>1,075,310</u>

## 3 Events, meetings and special projects

	2010 £	2009 £
Rising Star sponsorship income	17,500	17,500
Other income	1,034	2,465
	<u>18,534</u>	<u>19,965</u>

## 4 Support costs

	2010 £	2009 £
Printing, stationery and office expenses	41,417	43,336
Postage and telephone	32,203	42,650
Legal fees	3,005	1,988
Bank interest and charges	5,097	4,710
Staff training	1,932	3,254
Motor expenses	6,344	5,915
Irrecoverable VAT	27,563	39,871
Computer costs	71,289	73,679
Rent paid, rates and insurance	24,967	29,720
Light, heating, repairs, cleaning and professional fees	19,899	27,689
Entertainment	5,140	5,903
Travel expenses	45,924	48,719
Marketing	6,584	15,366
Business development	16,649	46,210
	<u>308,013</u>	<u>389,010</u>

## 5 Total resources expended

	Staff Costs £	Other £	(note 4) Support direct £	Dep'n costs £	Total 2010 £	Total 2009 £
<b>Charitable activities:</b>						
Membership subscriptions	14,740	-	50,458	36,786	101,984	117,123
Education programmes	745,107	173,888	191,118	51,476	1,161,589	1,365,965
Events, meetings and special projects	82,540	25,600	13,839	1,194	123,173	124,307
Publications	47,166	117,123	11,113	2,797	178,199	163,884
	<u>889,553</u>	<u>316,611</u>	<u>266,528</u>	<u>92,253</u>	<u>1,564,945</u>	<u>1,771,279</u>
<b>Generated Funds</b>						
<b>Activities to generate funds:</b>						
Bank contributions	47,166	-	10,789	11,019	68,974	75,471
Sales of marketing stock	118	-	31	1	150	162
Management fee	58,958	-	16,527	6,846	82,331	88,743
Sponsorship	2,948	-	770	-	3,718	4,004
Rental income	590	-	2,243	40	2,873	3,479
	<u>109,780</u>	<u>-</u>	<u>30,360</u>	<u>17,906</u>	<u>158,046</u>	<u>171,859</u>
Investment management costs	2,948	-	-	-	2,948	3,031
<b>Governance costs</b>	176,873	5,216	11,125	-	193,214	199,443
<b>Total</b>	<u>1,179,154</u>	<u>321,827</u>	<u>308,013</u>	<u>110,159</u>	<u>1,919,153</u>	<u>2,145,612</u>

## Notes to the Accounts at 28 February 2010

### 6 Net (Outgoing) / Incoming Resources

	2010 £	2009 £
<b>Net (Outgoing) / Incoming Resources is stated after charging:</b>		
Auditors Remuneration	5,191	4,925
Depreciation and other amounts written off owned fixed assets	110,159	145,943
Loss on disposal of fixed assets and after crediting	11,313	369
Rent receivable	624	40

### 7 Staff numbers and costs

The average number of employees employed by the Institute during the year was 24 (2009:24)

The aggregate payroll costs of these persons were as follows:

	2010 £	2009 £
Salaries	924,019	961,054
Social security costs	86,888	93,821
Other pension costs	168,247	157,639
	<u>1,179,154</u>	<u>1,212,514</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.

### Employees

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

	2010	2009
70,001-80,000	-	-
80,001-90,000	1	1
90,001-100,000	-	-
100,001-110,000	1	1
110,001-120,000	-	-
120,001-130,000	1	1

The above analysis of emoluments excluded pension contributions of £60,184 (2009: £53,604) in respect of 3 employees.

### 8 Fixed Assets

	Property £	Course Development £	Motor Vehicles £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost or valuation						
At 1 March 2009	411,890	176,432	97,297	238,565	575,429	1,499,613
Additions	4,228	60,909	29,155	1,322	10,507	106,121
Revaluation	533,882	-	-	-	-	533,882
Disposals	-	-	(56,378)	-	(22,075)	(78,453)
At 28 February 2010	<u>950,000</u>	<u>237,341</u>	<u>70,074</u>	<u>239,887</u>	<u>563,861</u>	<u>2,061,163</u>
Depreciation						
At 1 March 2009	-	125,187	37,921	169,147	477,514	809,769
Disposals	-	-	(20,296)	-	(19,595)	(39,891)
Charge for the year	-	43,640	13,113	15,395	38,011	110,159
At 28 February 2010	<u>-</u>	<u>168,827</u>	<u>30,738</u>	<u>184,542</u>	<u>495,930</u>	<u>880,037</u>
Net Book Value						
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>
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>

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. The Institute has an historic bank note collection which may have a significant value and will be valued in the year ahead.

## 9 Investments

	2010 £	2009 £
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	(75,773)	(75,698)
Total market value of investments	<u>3,383</u>	<u>3,458</u>
Invested as follows:		
6,207 Lloyds Banking Grp ordinary stock	3,383	3,458
	<u>3,383</u>	<u>3,458</u>
Attribution:		
Restricted prize funds	3,383	3,458
All investment assets are held in UK.		

## 10 Stocks

	2010 £	2009 £
Institute ties, sweaters, cufflinks, key rings, letter openers	5,137	3,701
Chartered Banker Course Material	6,798	8,411
Certificate Course Material	1,749	1,948
MAPC Course Material	1,394	2,531
Stationery stock	9,148	10,920
	<u>24,226</u>	<u>27,511</u>

## 11 Debtors

	2010 £	2009 £
Other Debtors	291,993	222,157
Corporate Patronage	57,500	94,000
VAT	498	-
The Committee of Scottish Clearing Bankers	35,540	18,540
	<u>385,531</u>	<u>334,697</u>

## 12 CREDITORS: amounts falling due within one year

	2010 £	2009 £
Other Creditors	43,016	49,156
Taxation & Social Security	2,624	5,001
VAT	-	13,110
Accruals	6,473	13,544
Deferred Income	45,338	104,439
	<u>97,451</u>	<u>185,250</u>

## 13 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 2010

	2010 £	2009 £
Held in investment pool at market value	3,383	3,458
Proceeds redemption of investment	11,477	11,477
Short term cash deposits	15,444	13,911
	<u>30,304</u>	<u>28,846</u>

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

<i>Fund</i>	<b>Investment Income</b> £	<b>Prizes Distributed</b> £	<b>Net Increase/ (decrease) in Cash Deposits</b> £
T McGuffie Memorial Fund	-	(300)	(300)
Sir Bruce Pattullo Prize	2,433	(600)	1,833
<i>Total</i>	<u>2,433</u>	<u>(900)</u>	<u>1,533</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 2009 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:

	<b>2009</b>	<b>2008</b>
Discount rate	5.9%	6.5%
Expected return on plan assets	6.2%	7.1%
Rate of increase in salaries	1.80%	4.00%
Rate of increase in pensions in payment	3.50%	2.70%
Inflation assumption (per annum)	3.50%	2.70%

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 £147,212 (2009: £130,352).

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 now been limited to the lower of 2% and the annual rate of inflation.

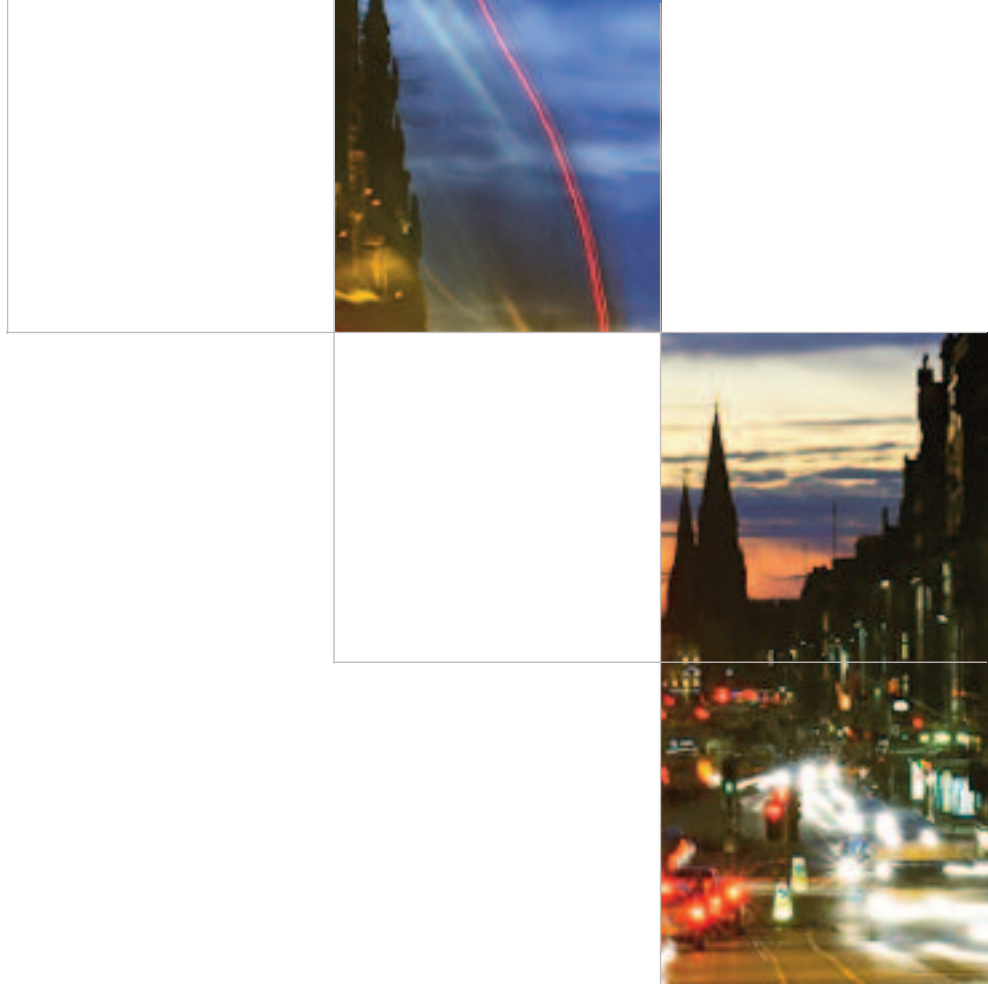
Since October 2006 this pension scheme has been closed to new employees, contributions amounting to £23,506 have been paid through subscriptions to a defined contribution scheme.

#### 15 Capital Commitments

The Institute has committed to expend £nil at the balance sheet date (2009 – £nil).

#### 16 Analysis of net assets by fund

	<b>Fixed Assets</b>	<b>Investments</b>	<b>Net current assets</b>	<b>Total</b>
	£	£	£	£
<b>Restricted Funds</b>				
Prize Fund	-	3,383	26,921	30,304
EBTN Certified Project	-	-	9,060	9,060
BIF Project	-	-	5,107	5,107
Committee Scottish Clearing Bankers	-	-	17,000	17,000
<b>Unrestricted Fund</b>				
Capital Reserve	-	-	75,747	75,747
Accumulated Fund	647,244	-	886,397	1,533,641
Revaluation Reserve	533,882	-	-	533,882
	<u>1,181,126</u>	<u>3,383</u>	<u>1,020,232</u>	<u>2,204,741</u>



## 17 Analysis of movements on funds

	Opening Balance	Incoming	Expended	Gains/Losses	Closing Balance
	£	£	£	£	£
<b>Restricted Funds</b>					
Torrance McGuffie Prize	4,324	-	(300)	-	4,024
Sir Bruce Patullo Prize	24,522	2,433	(600)	(75)	26,280
EBTN Certified Project	4,689	5,156	(785)	-	9,060
BIF Project	-	5,107	-	-	5,107
Committee Scottish Clearing Bankers	-	17,000	-	-	17,000
<b>Unrestricted Funds</b>					
Capital Reserve	75,747	-	-	-	75,747
Accumulated Fund	1,742,235	1,721,872	(1,919,153)	(11,313)	1,533,641
Revaluation Reserve	-	-	-	533,882	533,882
	<u>1,851,517</u>	<u>1,751,568</u>	<u>(1,920,838)</u>	<u>522,494</u>	<u>2,204,741</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.

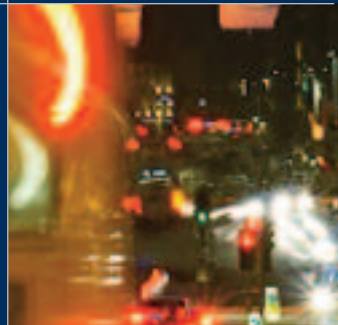
The BIF project aims to create a European network in Banking, Insurance and Finance to promote the application of the European Credit System for Vocational Education and Training (ECVET). The project is co-ordinated by EBTN and consists of several partners from across Europe.

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.

## 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 (2009 - £181,000) to the Institute.

At 28 February 2010 £57,500 (2009: £94,000) was due from corporate patrons.



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