

Company Registration No. 9278255 (England and Wales)

**BANKING STANDARDS BOARD**  
(A company limited by guarantee)

**UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2016**

**BANKING STANDARDS BOARD**

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**BANKING STANDARDS BOARD**

**COMPANY INFORMATION**

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<b>Directors</b>	Dame Colette Bowe Ms Alison Cottrell Sir Brendan Barber Mr James Bardrick Mr Craig Donaldson Ms Gillian Guy Mr Paul Johnson Mr Antonio Dos Santos Simoes Right Reverend David Urquhart Ms Clare Woodman Ms Alison Robb Baroness Onora O'Neill Lady Susan Rice Mr Saker Nusseibeh
<b>Secretary</b>	Frostrow Capital LLP 25 Southampton Buildings London WC2A 1AL
<b>Company number</b>	9278255
<b>Registered office</b>	2nd Floor 75 King William Street London United Kingdom EC4N 7BE
<b>Accountants</b>	The Taylor Cocks Partnership Limited 83 Baker Street London W1U 6AC

**BANKING STANDARDS BOARD**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and financial statements for the year ended 31 December 2016.

**Principal activities**

The principal activity of the Banking Standards Board (the "Company") was that of helping to raise standards of behaviour and competence across the industry, by providing independent challenge and support to member banks and building societies.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dame Colette Bowe  
Lord McFall (Resigned 31 January 2016)  
Ms Alison Cottrell  
Sir Brendan Barber  
Mr James Bardrick  
Mr Craig Donaldson  
Ms Gillian Guy  
Mr Paul Johnson  
Mr Antonio Dos Santos Simoes  
Right Reverend David Urquhart  
Ms Clare Woodman  
Ms Alison Robb  
Baroness Onora O'Neill  
Lady Susan Rice  
Mr Saker Nusseibeh

**Results**

The results for the year are set out on page 5.

In line with the forecasts, the Banking Standards Board has continued in these initial years to invest in the development of its assessment model and related activity. Further investments will be made during 2017 to support the assessment model.

**Directors and officers' liability insurance**

Directors' and officers' liability insurance was in place throughout the year.

**Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....  
Dame Colette Bowe

Director

.....

*Colette Bowe*

*8 May 2017*

## **BANKING STANDARDS BOARD**

### **REPORTING ACCOUNTANTS REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF BANKING STANDARDS BOARD FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Independent Chartered Accountants' Review Report to the Directors of Banking Standards Board**

We have reviewed the financial statements of Banking Standards Board for the year ended 31st December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 ("The Financial Reporting Standard applicable in the UK and Republic of Ireland").

This report is made solely to the Board of Directors of Banking Standards Board, as a body, in accordance with the terms of our engagement letter dated 16th February 2016. Our review has been undertaken so that we might state to the directors of Banking Standards Board those matters that we have agreed with them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Banking Standards Board and its Board of Directors as a body for our work, for this report or the conclusions we have formed.

#### **Directors' Responsibility for the Financial Statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

#### **Accountants' Responsibility**

Our responsibility is to express a conclusion based on our review of the financial statements of Banking Standards Board. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) *Engagements to review historical financial statements* and ICAEW Technical Release TECH 09/13AAF *Assurance review engagements on historical financial statements*. ISRE 2400 also requires us to comply with the ICAEW Code of Ethics.

#### **Scope of the Assurance Review**

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK and Ireland). Accordingly, we do not express an audit opinion on these financial statements.

**BANKING STANDARDS BOARD**

**REPORTING ACCOUNTANTS REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED  
STATUTORY FINANCIAL STATEMENTS OF BANKING STANDARDS BOARD FOR THE YEAR ENDED 31 DECEMBER  
2016**

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**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the Company's affairs as at 31st December 2016, and of its deficit for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act 2006.

*Moore Stephens LLP*  
Moore Stephens LLP

*11 May 2017*

150 Aldersgate Street  
London  
EC1A 4AB

**BANKING STANDARDS BOARD**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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		2016	Period 23 October 2014 to 31 December 2015
	Notes	£	£
Income	3	5,191,669	6,875,539
Administrative expenses		(5,998,000)	(3,680,236)
<b>Operating (deficit)/surplus</b>	<b>4</b>	<b>(806,331)</b>	<b>3,195,303</b>
Interest receivable and similar income	8	1,756	-
<b>(Deficit)/surplus before taxation</b>		<b>(804,575)</b>	<b>3,195,303</b>
Taxation	9	-	-
<b>(Deficit)/surplus for the financial year</b>		<b>(804,575)</b>	<b>3,195,303</b>
<b>Total comprehensive income for the year</b>		<b>(804,575)</b>	<b>3,195,303</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

**The notes on pages 9 to 15 form an integral part of the financial statements**

**BANKING STANDARDS BOARD**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2016**

	Notes	2016		2015	
		£	£	£	£
<b>Current assets</b>					
Debtors	11	3,605,435		81,479	
Cash at bank and in hand		3,006,967		5,285,504	
		<u>6,612,402</u>		<u>5,366,983</u>	
<b>Creditors: amounts falling due within one year</b>	12	(4,221,674)		(2,171,680)	
Net current assets		<u>2,390,728</u>		<u>3,195,303</u>	
<b>Reserves</b>					
Income and expenditure account		<u>2,390,728</u>		<u>3,195,303</u>	

For the financial year ended 31 December 2016 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 (the "Act").

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of directors and authorised for issue on 8. May 2017 and are signed on its behalf by:

  
 Dame Colette Bowe  
 Director

Company Registration No. 9278255

The notes on pages 9 to 15 form an integral part of the financial statements



**BANKING STANDARDS BOARD**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Accumulated fund income and expenditure £
Notes	
<b>Period ended 31 December 2015:</b>	
Surplus and total comprehensive income for the period	3,195,303
<b>Balance at 31 December 2015</b>	3,195,303
Deficit for the year and other comprehensive income	(804,575)
<b>Balance at 31 December 2016</b>	<u>2,390,728</u>

**Accumulated fund - income and expenditure reserve**

This reserve comprises of net accumulated surpluses retained.

**The notes on pages 9 to 15 form an integral part of the financial statements**

**BANKING STANDARDS BOARD**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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		2016		2015	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	16		(2,280,293)		5,285,504
<b>Investing activities</b>					
Interest received		1,756		-	
<b>Net cash generated from/(used in) investing activities</b>			1,756		-
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(2,278,537)		5,285,504
Cash and cash equivalents at beginning of year			5,285,504		-
<b>Cash and cash equivalents at end of year</b>			<u>3,006,967</u>		<u>5,285,504</u>

The notes on pages 9 to 15 form an integral part of the financial statements

**BANKING STANDARDS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1 Accounting policies**

**General information**

Banking Standards Board (the "Company"), registration number 09278255, is a company limited by guarantee domiciled and incorporated in England and Wales. The registered office is 2nd Floor, 75 King William Street, London, United Kingdom, EC4N 3AE.

The principal activity of the Company is that of helping to raise standards of behaviour and competence across the industry, by providing independent challenge and support to member banks and building societies.

The Company is considered to be a public benefit entity; an industry-driven initiative, responding to the collective challenge of rebuilding the sector's trust and reputation. The board has been established to help raise the standards of behaviour and competence across the industry by providing impartial and objective assessments of member banks and building societies.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

FRS 102 is mandatory to small companies for accounting periods beginning on or after 1 January 2015. The Company previously opted to adopt FRS 102 early, for the period from 23rd October 2014 to 31st December 2015.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

The financial statements have been prepared on a going concern basis, which assumes the company will continue in operational existence, and will be able to meet its liabilities as they fall due, for a period of at least twelve months from the date of approval of the financial statements.

In concluding that it is appropriate to adopt the going concern basis in preparing the financial statements, the directors have had regard to support provided by the six largest banks and the largest building society in the UK, who have agreed to underwrite the Banking Standards Board for the initial three years, commencing 2015. The Finance and Audit Committee meet regularly throughout the year and review, in detail, the Company's management information and forecasted cash positions.

**1.3 Income and expenditure**

Income is in respect of subscriptions receivable and is recognised in the period to which they relate. Membership subscriptions received in advance are carried forward to the following year as deferred income.

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

**BANKING STANDARDS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1 Accounting policies**

**(Continued)**

**1.4 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call with banks.

**1.5 Financial assets**

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**1.6 Financial liabilities**

Basic financial liabilities, including trade creditors, are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through surplus or deficit are measured at fair value.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

**1.7 Taxation**

The Company's activities are akin to a not for profit organisation and as such, the Company is not liable for corporation tax for its principal activity.

**1.8 Pensions**

The Company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the income and expenditure account as they fall due.

**1.9 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**BANKING STANDARDS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1 Accounting policies** **(Continued)**

**1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

**2 Critical accounting estimates and judgements**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered whether there are any critical judgements required in the preparation of these accounts and have concluded that there are none requiring disclosure.

**3 Income**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**4 Operating (deficit)/surplus** **2016** **2015**  
**£** **£**

Operating (deficit)/surplus for the year is stated after charging/(crediting):

Operating lease charges	513,806	332,908
	<u>          </u>	<u>          </u>

**5 Employees and directors**

The average monthly number of persons (including directors) employed by the Company during the year was:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Directors	10	6
Administrative staff	11	5
	<u>          </u>	<u>          </u>
	<b>21</b>	<b>11</b>
	<u>          </u>	<u>          </u>

**BANKING STANDARDS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**5 Employees and directors (Continued)**

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	2,238,927	1,235,059
Social security costs	275,170	144,075
Pension costs	87,657	28,646
	<u>2,601,754</u>	<u>1,407,780</u>

**6 Directors' remuneration**

	2016	2015
	£	£

Remuneration for qualifying services	779,917	625,497
Company pension contributions to defined contribution schemes	32,083	28,646
	<u>812,000</u>	<u>654,143</u>

The directors consider that they comprise the key management personnel of the Company as they hold the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The number of directors for whom retirement benefits are accruing under defined contribution schemes is 1.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>299,063</u>	<u>291,667</u>
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**7 Retirement benefit schemes**

**Defined contribution schemes**

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Contributions made into this plan are paid by the Company at rates specified in the notes of the scheme. The charge to income and expenditure in respect of defined contribution schemes was £87,657 (2015 - £28,646). As at the reporting date, amounts payable of £nil (2015 - £nil) had not been paid over to the plan.

**BANKING STANDARDS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**8 Interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	1,756	-

Investment income includes the following:

Interest on financial assets not measured at fair value through surplus or deficit	1,756	-
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**9 Taxation**

The Company's activities are akin to a not for profit organisation and as such, the Company is not liable for corporation tax for its principal activity.

**10 Financial instruments**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	3,532,985	8,533
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	4,126,703	2,171,157

**11 Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Service charges due	3,492,000	-
Other debtors	40,985	8,533
Prepayments and accrued income	72,450	72,946
	3,605,435	81,479

**BANKING STANDARDS BOARD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**12 Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	82,006	497,781
Other taxation and social security	94,971	523
Accruals and deferred income	4,044,697	1,673,376
	<u>4,221,674</u>	<u>2,171,680</u>

**13 Members' liability**

The Company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the Company on winding up such amounts as may be required not exceeding £1. The members of the Company, as defined in the Company's Articles of Association, are Dame Colette Bowe and Sir Brendan Barber.

**14 Operating lease commitments**

**Lessee**

Operating lease payments represent rentals payable by the Company for use of office premises and a photocopier. Leases are negotiated for a term of 1 to 3 years and rentals are fixed between the period.

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	473,688	513,662
Between two and five years	39,474	6,305
	<u>513,162</u>	<u>519,967</u>

**15 Related party transactions**

During the year the Company did not enter into any transactions with related parties.



BANKING STANDARDS BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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16 Cash generated from operations

	2016	2015
	£	£
Directors' and officers' liability insurance was in place throughout the year.	(804,575)	3,195,303
<b>Adjustments for:</b>		
Investment income	(1,756)	-
<b>Movements in working capital:</b>		
(Increase) in debtors	(3,523,956)	(81,479)
Increase in creditors	2,049,994	2,171,680
<b>Cash (absorbed by)/generated from operations</b>	<u>(2,280,293)</u>	<u>5,285,504</u>