

Company Registration No. 09278255 (England and Wales)

BANKING STANDARDS BOARD
(A company limited by guarantee)

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

BANKING STANDARDS BOARD

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BANKING STANDARDS BOARD

COMPANY INFORMATION

Directors	Dame Colette Bowe Dame Susan Rice Ms Alison Cottrell Sir Brendan Barber Mr James Bardrick Ms Gillian Guy Mr Paul Johnson Right Reverend David Urquhart Ms Clare Woodman Ms Alison Robb Mr Saker Nusseibeh Ms Janet Pope Mr Mikael Iman-Sorensen Sir Alan Wilson	(Appointed 1 December 2017) (Appointed 1 January 2018) (Appointed 1 April 2018)
Secretary	Frostrow Capital LLP 19 Heathmans Road London SW6 4TJ	
Company number	09278255	
Registered office	2nd Floor 75 King William Street London United Kingdom EC4N 7BE	
Accountants	The Taylor Cocks Partnership Limited 83 Baker Street London W1U 6AC	

BANKING STANDARDS BOARD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

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	
Dame Susan Rice	
Ms Alison Cottrell	
Sir Brendan Barber	
Mr James Bardrick	
Mr Craig Donaldson	(Resigned 10 May 2017)
Ms Gillian Guy	
Mr Paul Johnson	
Mr Antonio Dos Santos Simoes	(Resigned 13 July 2017)
Right Reverend David Urquhart	
Ms Clare Woodman	
Ms Alison Robb	
Baroness Onora O'Neill	(Resigned 31 March 2018)
Mr Saker Nusseibeh	
Ms Janet Pope	(Appointed 1 December 2017)
Mr Mikael Iman-Sorensen	(Appointed 1 January 2018)
Sir Alan Wilson	(Appointed 1 April 2018)

Results

The results for the year are set out on page 6.

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 2018 to support the assessment model.

Directors and officers' liability insurance

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

BANKING STANDARDS BOARD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' responsibility statement

We confirm that as directors we have met our duty in accordance with the Companies Act 2006 to:

- ensure that the company has kept adequate accounting records;
- prepare financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2017 and of profit and loss for that period in accordance with Generally Accepted Accounting Practice in the UK; and
- follow the applicable accounting policies, subject to any material departures disclosed and explained in the notes to the financial statements.

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

30 May 2018

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 2017

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 2017, 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 3, 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 2017

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 2017, 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 *MS*

150 Aldersgate Street
London
EC1A 4AB

5 June 2018

BANKING STANDARDS BOARD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	£
Income	3	4,913,924	5,191,669
Administrative expenses		(5,429,710)	(5,998,000)
Operating deficit	4	(515,786)	(806,331)
Interest receivable and similar income	8	8,915	1,756
Deficit before taxation		(506,871)	(804,575)
Taxation	9	(2,067)	-
Deficit for the financial year		(508,938)	(804,575)

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

The notes on pages 10 to 16 form part of these financial statements

BANKING STANDARDS BOARD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Current assets					
Debtors	11	5,020,169		3,605,435	
Cash at bank and in hand		2,088,994		3,006,967	
		<u>7,109,163</u>		<u>6,612,402</u>	
Creditors: amounts falling due within one year	12	(5,227,373)		(4,221,674)	
Net current assets		<u>1,881,790</u>		<u>2,390,728</u>	
Reserves					
Income and expenditure account		<u>1,881,790</u>		<u>2,390,728</u>	

For the financial year ended 31 December 2017 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies (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 30 May 2018 and are signed on its behalf by:



Dame Colette Bowe
Director

Company Registration No. 09278255

The notes on pages 10 to 16 form an integral part of the financial statements

BANKING STANDARDS BOARD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Accumulated fund income and expenditure account £
Balance at 1 January 2016	3,195,303
Year ended 31 December 2016:	
Loss and total comprehensive income for the year	(804,575)
	<hr/>
Balance at 31 December 2016	2,390,728
Year ended 31 December 2017:	
Loss and total comprehensive income for the year	(508,938)
	<hr/>
Balance at 31 December 2017	<u>1,881,790</u>

Accumulated fund - income and expenditure reserve

This reserve comprises of net accumulated surpluses retained.

The notes on pages 10 to 16 form part of these financial statements

BANKING STANDARDS BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash absorbed by operations	16		(926,888)		(2,280,293)
Investing activities					
Interest received		8,915		1,756	
Net cash generated from investing activities			8,915		1,756
Net decrease in cash and cash equivalents			(917,973)		(2,278,537)
Cash and cash equivalents at beginning of year			3,006,967		5,285,504
Cash and cash equivalents at end of year			2,088,994		3,006,967

The notes on pages 10 to 16 form an integral part of the financial statements

BANKING STANDARDS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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.

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.

1.4 Cash and cash equivalents

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

BANKING STANDARDS BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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

Non trade interest receivable is the only income subject to corporation tax.

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 2017

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	2017	2016
	£	£
Operating deficit for the year is stated after charging:		
Operating lease charges	583,412	513,806
	<u> </u>	<u> </u>

5 Employees and directors

The average number of employees and directors within the Company during the year was:

	2017	2016
	Number	Number
Directors	13	10
Administrative staff	19	11
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	32	21
	<u> </u>	<u> </u>

BANKING STANDARDS BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees and directors **(Continued)**

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	2,538,865	2,238,927
Social security costs	312,121	275,170
Pension costs	178,209	87,657
	<u>3,029,195</u>	<u>2,601,754</u>

6 Directors' remuneration

	2017	2016
	£	£

Remuneration for qualifying services	800,833	779,917
Company pension contributions to defined contribution schemes	-	32,083
	<u>800,833</u>	<u>812,000</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.

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

Remuneration for qualifying services	<u>316,250</u>	<u>299,063</u>
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7 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>178,209</u>	<u>87,657</u>

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 £178,209 (2016 - £87,657). As at the reporting date, amounts payable of £Nil (2016 - £Nil) had not been paid over to the plan.

BANKING STANDARDS BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8	Interest receivable and similar income	2017	2016
		£	£
	Interest income		
	Interest on bank deposits	8,915	1,756
		<u> </u>	<u> </u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through surplus or deficit	8,915	1,756
		<u> </u>	<u> </u>
9	Taxation	2017	2016
		£	£
	Current tax		
	UK corporation tax on profits for the current period	1,716	-
	Adjustments in respect of prior periods	351	-
		<u> </u>	<u> </u>
	Total current tax	2,067	-
		<u> </u>	<u> </u>
10	Financial instruments		
	Included within the amounts shown as Debtors and Creditors above are financial assets and financial liabilities, the classification of which are further analysed below:		
		2017	2016
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	4,938,032	3,532,985
		<u> </u>	<u> </u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	5,126,478	4,126,703
		<u> </u>	<u> </u>
11	Debtors	2017	2016
	Amounts falling due within one year:	£	£
	Service charges due	4,894,638	3,492,000
	Other debtors	43,394	40,985
	Prepayments and accrued income	82,137	72,450
		<u> </u>	<u> </u>
		5,020,169	3,605,435
		<u> </u>	<u> </u>

BANKING STANDARDS BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	72,665	82,006
Corporation tax	2,067	-
Other taxation and social security	98,828	94,971
Other creditors	395	-
Accruals and deferred income	5,053,418	4,044,697
	<u>5,227,373</u>	<u>4,221,674</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:

	2017	2016
	£	£
Within one year	473,688	473,688
Between two and five years	39,474	39,474
	<u>513,162</u>	<u>513,162</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 2017

16 Cash generated from operations

	2017	2016
	£	£
Deficit for the year after tax	(508,938)	(804,575)
Adjustments for:		
Taxation charged	2,067	-
Investment income	(8,915)	(1,756)
Movements in working capital:		
(Increase) in debtors	(1,414,734)	(3,523,956)
Increase in creditors	1,003,632	2,049,994
Cash absorbed by operations	<u>(926,888)</u>	<u>(2,280,293)</u>