



Annual Report and Financial Statements

(A company limited by guarantee)

31 December 2017

Company Registration Number
9380418 (England and Wales)

Charity Registration Number
1165269 (England and Wales)

Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditor's report	15

Financial statements

Statement of financial activities	18
Balance sheet	19
Notes to the financial statements	20

Reference and administrative details

Trustees	Susan Charman Bruce Michael Davis Christine Jane Berry Caroline Ellis Hanna McCloskey Toyin Ogundana Katherine Ormiston Smith Paul Lawrence Riseborough Julian Thompson
Executive Director	Anna Laycock
Principal Address	2 Northdown Street London N1 9BG
Company registration number	9380418
Charity registration number	1165269
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	Unity Trust Bank PO Box 7193 Planetary Road Willenhall WV1 9DG

The Trustees, who are Directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2017.

ABOUT THE FINANCE INNOVATION LAB

Our purpose

The Finance Innovation Lab incubates the people and the ideas that can change the financial system for the better.

Our vision is a financial system that serves people and planet – one that's democratic, responsible and fair.

Democratic a more diverse financial system, where people have a greater sense of control over their money

Responsible capital flows to the places, people and projects that are creating a positive impact on society and the environment

Fair a financial system that facilitates a just society

The need

Our financial system has become disconnected from the real needs of people, the economy and the environment. Instead of serving society, it serves itself. Ordinary people have little say in how finance works, with millions excluded from the system altogether. Decisions are made on the basis of short-term profit for some, not long-term value for all. Money flows to activities that harm communities and the natural world. Dysfunctions in the financial system lie at the heart of many of today's challenges, from fossil fuel dependence to structural inequality.

It doesn't have to be this way.

Finance is a human system: a network of relationships designed to achieve certain goals, informed by a worldview and set of values that shape the purpose and direction of the system. The consolidation of power in the system can make it seem impossible to shift, but we do not have to be passive recipients of history.

People created the system and people can change it. We can transform the financial system so that it puts people and planet first.

What we do

Because finance is a complex system, changing one organisation or policy isn't enough. We need to address the values and norms that shape the landscape, reform the regulations and institutions that set the rules of the game, and cultivate the niches of innovation that can disrupt the status quo. There's no blueprint for this scale of transformation: instead, we act as a catalyst, seeding change efforts across the system and connecting them to each other.

ABOUT THE FINANCE INNOVATION LAB (continued)

What we do (continued)

We build communities of people who are changing the financial system, develop them as leaders and help them increase their impact. We work with:

- Innovators creating new business models in finance
- Policymakers, regulators and civil society organisations changing the rules of the game
- Intrapreneurs inside mainstream finance who want to repurpose their professions.

Our work is human-centred and positive: we focus on empowering and connecting open and willing changemakers, rather than convincing others of the need for change. We bring to this work our power to convene influential actors, our transformative facilitation and leadership development skills, and our thought leadership in financial systems change.

Charitable objects

The objects of the Charity are for the public benefit:

1 The promotion of ethical principles in financial systems for the public benefit including (but not limited to) by:

1.1 Advancing education and promoting research into the UK and international financial systems and their constituent elements including in particular, areas of change and innovation within those systems, emergent trends, new financial business models and impacts of investments on society and the environment; and publishing or otherwise disseminating the results of such research and providing a forum for its discussion;

1.2 Promoting sustainable development by:

a. promoting the preservation and conservation of the natural environment and the prudent use of natural resources and ecological processes; and

b. promoting sustainable means of achieving economic progress and regeneration.

In this context, "sustainable development" means development that meets the needs of the present generation without compromising the ability of future generations to meet their needs.

2 Relief of poverty and improving the conditions of life in socially and economically disadvantaged communities.

Public benefit

The Trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

OUR WORK IN 2017

In 2017 we began implementing our new strategy for systems change in finance, appointed six new trustees and built our financial resilience. We focused our incubation programme on financial health, supporting 13 purpose-led innovators, building a community of financial health experts and entrepreneurs, and making a significant contribution to the national debate on financial wellbeing. We laid the foundations for our work with intrapreneurs inside mainstream finance, grew our influence with regulators and policymakers, and challenged the growing fintech sector to put social purpose at the heart of their work.

Incubating purpose-led innovators

What we did

Our 2017 Fellowship programme was focused on financial health and delivered in partnership with Toynbee Hall, an anti-poverty charity based in East London which works with communities to tackle social injustice.

The Financial Health Fellowship consisted of four phases:

1. **Design** – ideas hack with 32 experts to test our definition of financial health and identify design principles, consultation with Toynbee Hall's Money Mentors (community members with experience of financial ill-health), co-design of curriculum and selection criteria.
2. **Recruitment and launch** – outreach with over 150 partners to find high-potential innovations focussed on financial health, selection of 13 Fellows, launch event with over 60 attendees from the financial sector, civil society and policymakers.
3. **Curriculum delivery** – monthly business skills sessions, two weekend leadership retreats, peer coaching, mentoring, pitch practice and feedback from end users, including Toynbee Hall's Money Mentors, customers from Moneyline Cardiff, Peterborough Credit Union and NatWest Customer Solutions Team.
4. **Transition** – closing 'demo day' attended by over 100 influential guests, guided reflection and signposting to further sources of support, transition to Fellowship alumni.

The Fellowship programme was delivered with the support of a wide range of Lab community members, who contributed their time pro bono as mentors, session speakers, advisory group members and pitch practice participants. More than 160 supporters attended the launch event and Demo Day, alongside 32 experts contributing their knowledge at the Ideas Hack.

"There was so much wisdom in this programme and the way it was delivered. I want my own business to do that, to take as much care for the customer as the Fellowship team did for us. They made it look easy, but there was such a lot of thought behind it. You see a lot of accelerator programmes in this space, but this had real oomph!"

2017 Fellow

OUR WORK IN 2017 (continued)

What is Lab Fellowship?

Lab Fellowship is a six-month incubator for innovators building a new financial system – one that works for people and planet. The programme includes monthly business strategy sessions, peer coaching, mentoring, specialist workshops and a residential leadership retreat.

Unlike conventional incubators, we select Fellows on the basis of their social impact and potential to disrupt the financial system. We focus on early stage, purpose-driven innovators: those with an idea, the beginnings of an organisation, and a passion for transforming finance. We help them hone their purpose and stick to it, build a strategy for achieving it, and fulfil their potential as changemakers. We connect Fellows to our wider network of investors, entrepreneurs and influencers, and build a community of peers who can support them long after the programme has ended.

The difference we made

“For me the Fellowship has been a game-changer. It’s had a huge impact on the way I work, and how I feel about what I’m doing. It was so timely for me to take part, and has been hugely beneficial.”

2017 Fellow

The independent evaluation of the Financial Health Fellowship judged the programme to be “*an outstanding success*” with “*an abundance of evidence that it has met its stated outcomes of embedding social purpose into the design of new innovations in this field*”.

In particular, Fellowship attracted praise for its:

- **Responsive support:** The Fellowship team provided a remarkable level of support in responding to the often-changing needs of participants, leading to a high impact on their product and service innovations in this field.
- **Culture:** Fellowship engendered a real community, with a relaxed learning environment, opportunities for collaboration and strong relationships of trust. This community was critical to the progress of their businesses, with high levels of collaboration that continue today.
- **Curriculum:** Fellows appreciated the structure of monthly sessions, which included both expert input and time to apply learning to their own projects.
- **Leadership development:** Action learning and business mentorship were key elements in developing Fellows’ leadership skills.
- **Engagement with end users:** Toynbee Hall’s Money Mentors and other end users provided Fellows with useful insights about how to tailor their products’ to those who are most affected by financial ill-health.

OUR WORK IN 2017 (continued)

The impact of Fellowship – three examples

Maysam Rizvi is founder of **Elifinity**, a financial, AI-driven app supporting people's financial wellbeing by diagnosing and addressing the causes of financial difficulty. Through the 2017 Fellowship, Maysam built a network of advisors, partners, clients and board members, many of whom were critical to Elifinity's success. Elifinity is now one of few fintechs working with civil society and credit unions to incorporate end-user feedback into their prototyping and Maysam has become a thought leader on AI and financial health, regularly speaking at industry and public events.

Fionn Travers-Smith is Social Impact Officer at **Greater London Mutual (GLM)** – a new community benefit bank for London businesses and the financially underserved. Drawing on the communication, influencing and leadership skills developed during the 2017 Fellowship, Fionn is now working with a broad range of stakeholders (including credit unions, debt advice agencies and policy makers) to build the bank's social impact strategy. This has helped GLM to attract significant investment as it prepares to launch.

Freda Owusu is founder of **CredScope** – an alternative, bottom-up credit reference agency with a vision to enable more people to access financial services. Through the 2016 Fellowship, Freda developed her leadership capability, marketing skills and a network of peers working in financial inclusion. Since completing the programme, Freda and her team have developed the CredScope brand (with advice from the Lab's Senior Fellows) and gained authorisation from the Financial Conduct Authority. CredScope won multiple awards in 2017, including Tech City UK's Fintech for All competition (finalist) and Diaspora Challenge for Africa competition (co-winners).

Over 200 new and existing Lab community members were involved with the programme, many of whom went on to offer their time, knowledge or networks to individual Fellows. Engagement with the programme is very often the start of a journey towards greater interest in and involvement with purpose-led financial innovation. In the second half of 2017 we began planning how we can nurture and maximise the impact of this community, leading to the recruitment of a Community Manager and development of a full community strategy in 2018.

We also recognised that we could further increase the impact of Fellowship by making the programme more modular, tailoring content to the needs of individual Fellows, by undertaking more outreach and concept development work before the start of the Fellowship, and by providing follow-on support for alumni with the highest potential to impact on the system. This led to the development of a new incubation strategy for 2018 and the shift to a 24-month (rather than 12-month) cycle for Fellowship.

"This was a brilliant experience in lots of ways – professionally and personally. It was a really supportive group, but I was also pushed out of my comfort zone and my confidence and skills have grown as a result. I also now feel more connected to the bigger picture, having accessed a whole other realm of knowledge about the financial system."

2017 Fellow

OUR WORK IN 2017 (continued)

Supporting Intrapreneurs

In 2017 we laid the foundations for our intrapreneurship programme, which will empower individuals in mainstream finance to lead change from the inside. We built relationships with a range of teams in retail and investment banking, we appointed new trustees with expertise in engaging mainstream banks, and we established a board working group to guide the development of this work. At the end of 2017 we were invited to apply for grant funding to pilot this work over the next two years; this bid was ultimately successful and work on the programme will begin in the second half of 2018.

We also supported the development of the first professional banking qualification in sustainable finance, the Chartered Banker Institute's Green Finance Certificate, by authoring the course materials. The new qualification, which launches in 2018, will set the benchmark for the knowledge and skills required by green finance professionals worldwide, helping them play a leading role in putting sustainability and social purpose at the heart of banking and financial services.

Advocacy and influencing

What we did

At the start of the 2017, we completed our review of the Transforming Finance Network of civil society organisations advocating for financial reform. We held a workshop with key members to agree the future of the Network, in which we concluded that the Network should become self-managed rather than hosted by the Lab. We supported Network members to take ownership of the Network, which is now co-chaired by the Finance Innovation Lab and Positive Money.

We also hosted a workshop for Finance Watch (a Network member) and Oxfam GB, convening financial reform campaigners to create a narrative and stakeholder analysis for their forthcoming *Change Finance* campaign, which launched in December 2017.

"Collaboration is the hardest part of good leadership to crack – and yet we'll only transform finance to work for everyone by working together."

Marloes Nicholls, writing for the Finance Innovation Lab blog

Throughout the year we implemented our new strategy of integrating incubation and advocacy, using our Financial Health Fellowship as the basis for engagement with civil society, regulators and policymakers. This included building our relationship with the Centre for Responsible Credit, the FCA Innovation Hub and Bank of England Fintech Accelerator, the Inclusive Economy Unit, the Money Advice Service and the London Assembly.

Through the Fellowship, we also identified two key policy themes: the impact of Open Banking on financial health, and the ethical use of AI and data-driven finance. These themes were used to shape our work in 2018, including hosting two roundtables on these topics for policymakers, innovators and civil society.

OUR WORK IN 2017 (continued)

Advocacy and influencing (continued)

What we did (continued)

In the first quarter of the year, we held a series of three roundtables on the relationship between social purpose and financial regulation, in partnership with the Financial Conduct Authority and St Paul's Institute. These roundtables drew together key actors in finance to identify the norms and narratives about finance embedded in regulation, and to explore the potential for financial regulation to be focused on organisational and sectoral purpose. We have since developed the insights from the roundtables into a research report, which was released in July 2018.

The difference we made

We are delighted that the Transforming Finance Network continues to meet independently to share updates and coordinate action. Our movement review concluded that the Network makes an important contribution to the connectivity of the financial reform movement and is valued by members for facilitating information sharing and solidarity. The Network also serves an important orientation purpose for those new to the sector and a support role for those who may feel marginalised in their own organisations.

As well as featuring in the London Assembly's report *Short Changed* as an example of "how the third sector and Londoners can successfully participate in creating financial innovations that support financial health", our engagement with the Assembly also prompted them to change the title and focus of their report from 'financial inclusion' to 'financial health' (a more systemic concept which understands the structural drivers of financial ill-health). We were also invited to partner with Tech City UK's Fintech for All competition and two of our Fellows were selected as finalists.

Shaping the debate

What we did

Alongside our incubation and influencing programmes, we engaged with industry events and education providers to advocate for purpose-driven financial education. In 2017 we had a particular focus on encouraging the fintech sector to focus on social impact and encouraging the social banking sector to harness the power of innovation. Highlights included teaching on the fintech programme at the Massachusetts Institute of Technology, leading a two-day innovation workshop for social banking professionals, and giving a keynote speech at the launch of Triodos Bank's ethical current account.

We also made our arguments through national and industry media, amplifying the impact of our programmes and creating a climate of ideas that can enable the growth of a financial system that serves people and planet.

OUR WORK IN 2017 (continued)

Shaping the debate (continued)

The difference we made

We are seeing evidence that the concept of social purpose is being taken increasingly seriously by fintechs, with many approaching us after speaking engagements to ask how they can work with us. Likewise, our work to increase innovation in social banks is bearing fruit, with innovation now embedded in the curriculum of the Institute for Social Banking Summer School.

Our speech for Triodos Bank on the power we all have to change the financial system has been watched over 1,300 times to date and translated into Spanish for Triodos Bank España. Our media coverage includes a letter to the Financial Times urging the FCA to focus its mission on the social purpose of finance (co-signed by participants in our workshop on regulation and social purpose), coverage of our Fellowship in Tech City News, AltFi News and Tech City News, among others, and articles for IPPR, Stir Magazine and the Money Advice Liaison Group.

“The economy is a human system: it’s complex, chaotic and interdependent. The ossification of relationships and power structures within our economy can make the system seem impossible to shift. But if humans create a system, they can change it, and they often do in ways that defy expectations.”

Anna Laycock, writing for IPPR Progressive Review

2018 AND BEYOND

Our 2017-2020 strategy builds on our long track record of convening communities for systemic change, and the learning from our recent experience as an independent organisation. We want to increase our impact on the financial system by focusing on our most distinctive areas of work: supporting purpose-led financial innovators and addressing the wider barriers to their success through policy engagement. We will also use our powerful leadership development capabilities to build a network of ‘intrapreneurs’ within mainstream finance, who can lead change within and beyond their organisations.

We have a talented team and strong working culture, supported by well-established governance and operational systems. As a young charity, we remain reliant on grant funding, but we have a clear plan for diversifying our sources of income and building programmes which generate both income and impact.

Our key priorities for 2017 to 2020 are to:

Incubate disruptive innovators across the UK

To change the financial system, we need to demonstrate what an alternative financial system could look like. So we will incubate promising leaders to develop financial businesses that put social and environmental impact at their heart, and we will use their experiences to influence the wider policy environment for financial innovation.

2018 AND BEYOND (continued)

Build a movement for socially useful finance

As the alternative finance movement grows and diversifies, civil society needs to support innovators to retain their moral principles and tackle barriers to change. So we will build a community of practice among socially useful financial innovators, with a shared vision for finance and a shared voice for addressing wider barriers to change.

Seed a network of changemakers within mainstream finance

For maximum impact, we need to change finance from the inside out. So we will develop a network of 'intrapreneurs' across the financial system, nurturing and connecting emerging leaders with the potential to transform their organisations.

Change the narrative on finance

Transforming the financial system requires us to change the stories we tell ourselves about the way finance works and our own agency to create change. So we will work through the media and our own communications to reframe the purpose and role of the financial system.

Diversify the Lab's funding base

We will not achieve our ambitious goals if we remain reliant on a small number of grant funders. To ensure the sustainability of the Lab, we need to generate income from a wide range of sources including participation fees, consultancy, grant funding and individual donations.

We do not underestimate the challenges of transforming the financial system, nor do we underestimate the challenges of scaling a small organisation. But with support from our community, our Trustees and funders who share our vision and ambition, we are ready to meet the challenge.

OUR STRUCTURE AND GOVERNANCE

The Finance Innovation Lab was established as a Company Limited by Guarantee (CLG, number 09380418) on 8 January 2015 and became a Registered Charity (number 1165269) on 22 January 2016. Our constitutional documents are our Articles of Association.

The Trustees who served during the financial period were:

Christine Jane Berry	
Susan Charman	
Bruce Michael Davis	
Caroline Ellis (Chair)	Appointed 20 September 2017
Alan Robert Hodgkinson	Resigned 5 July 2017
Hanna Naima McCloskey	Appointed 20 September 2017
Toyin Ogundana	Appointed 20 September 2017
Kate Ormiston Smith (Treasurer)	Appointed 20 September 2017
Paul Riseborough	Appointed 20 September 2017
Julian Thompson	Appointed 20 September 2017
James Carmine Anthony Vaccaro	Resigned 5 July 2017

The six trustees joining in 2017 were appointed through an open recruitment and selection process.

The Lab team during 2017 was:

Anna Laycock	Executive Director
Marloes Nicholls	Innovation Project Manager (from 6 March 2017)
Isabella Coin	Programme and Communications Coordinator (from 9 August 2017)
Chris Hewett	Head of Advocate (until 25 January 2017)

We also worked with a range of freelancers who brought invaluable insight and skill to our work: Charlotte Millar, Nicky Johnston, Christine Berry, Gemma Bone, Laurie Macfarlane and Rob Nash. Damon Gibbons was appointed as an independent evaluator (on a consultancy basis) and we contracted Toynbee Hall to deliver key aspects of our Financial Health Fellowship programme.

OUR STRUCTURE AND GOVERNANCE (continued)

Where did our money come from?

In 2017, we received income from the following sources:

	2017	
Grants and donations		
Friends Provident Foundation	£60,000	27%
Tudor Trust	£50,000	22%
Barrow Cadbury	£49,700	22%
WWF-UK	£25,500	11%
Royal Bank of Scotland	£12,000	5%
Chartered Banker Institute	£10,000	4%
Other	£1,933	1%
Consultancy Income	£12,245	5%
Participation fees	£550	1%
Interest and reimbursed expenses	£1,142	1%
Total	£223,070	

What did we spend it on?

Our biggest cost is our team: the talented people who design and deliver our programmes. Outside of staff costs, our biggest area of programme spend is venue hire and hosting costs for our workshops, conferences, roundtables, events and residential retreats.

	2017	
Staff costs	£116,203	51%
Freelance staff	£47,722	21%
Venues and hosting events	£18,602	8%
Accountancy, audit and legal fees	£18,017	8%
Rent and office running costs	£17,007	7%
Meetings, travel and subsistence	£9,676	4%
Communications and research	£809	1%
Total	£228,036	

Results for the year

Total income for the year was £223,070 (2016 - £261,066) of which £97,870 was unrestricted (2016 - £24,891) and £125,200 was restricted (2016 - £236,175). Unrestricted expenditure was £97,449 (2016 - £19,896) resulting in a surplus on unrestricted funds for the year of £421 (2016 - £4,995). Restricted expenditure was £130,587 (2016 - £227,609) resulting in a deficit on restricted funds for the year of £5,387 (2016 - surplus of £8,566). This deficit arose due to a drawdown of restricted funds carried forward at 31 December 2016.

OUR STRUCTURE AND GOVERNANCE (continued)

Our financial position

The Trustees set the Lab's target reserves at a level sufficient to ensure our financial stability and ability to meet our charitable objectives for the foreseeable future. Our target is to maintain reserves at a level that is at least equivalent to three months' core operational expenditure. During the first two years of the Lab's existence, it was proposed that the Lab's reserves were built up gradually towards this target figure. The Trustees review the amount of reserves that are required on an annual basis. At 31 December 2017, the Lab had unrestricted reserves of £66,423, which represented 54% (or 6.4 months) of core operational expenditure.

Thank you

The Lab exists to change one of the most powerful, self-serving and unaccountable systems in the world: the financial system.

We didn't take this on because it's easy to achieve or easy to fund. We took it on because we believe that transforming the financial system is the key to unlocking some of the most wicked problems of our time.

We believe it can be done. And we have the courage to try.

We'd like to express our sincere thanks to all of those who have made our journey possible so far, including:

- The Lab team and volunteers
- The Lab's founding partners, WWF-UK and ICAEW
- The Lab's co-founders: Charlotte Millar, Jen Morgan, Rachel Sinha and Richard Spencer
- Our Senior Fellows: Bertrand Beghin, Fran Boait, Martin Campbell, Bruce Davis, Simon Deane-Johns, Tony Greenham, Julia Groves, Malcolm Hayday, Chris Hewett, Karl Richter, Brett Scott, Emma Vartolomei and Bryan Zhang.
- Our funders, donors and supporters in the UK and beyond.

Approved by the Trustees on 31 August 2018 and signed on their behalf by:

Kate Ormiston Smith
Trustee

Statement of Trustees' responsibilities Year ended 31 December 2017

Statement of Trustees' responsibilities

The Trustees (who are also directors of Finance Innovation Lab for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees of the charity on 31 August 2018 and signed on its behalf by:

Kate Ormiston Smith
Trustee

Independent auditor's report to the members of Finance Innovation Lab

Opinion

We have audited the financial statements of Finance Innovation Lab (the 'charitable company') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 6 September 2018

Statement of financial activities Year ended 31 December 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £
Income from:				
Donations	3	83,933	125,200	209,133
Charitable activities	4	13,937	—	13,937
Total income		<u>97,870</u>	<u>125,200</u>	223,070
Expenditure on:				
Raising funds	6	(14,433)	(27,802)	(42,235)
Charitable activities	5	(83,016)	(102,785)	(185,801)
Total expenditure		<u>(97,449)</u>	<u>(130,587)</u>	(228,036)
Net income (expenditure) and net movement in funds		421	(5,387)	(4,966)
Reconciliation of funds				
Total funds brought forward		66,002	17,312	83,314
Total funds carried forward	16	<u>66,423</u>	<u>11,925</u>	78,348

Comparative figures for the year ended 31 December 2016:

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £
Income from:				
Donations	3	14,375	236,175	250,550
Charitable activities	4	10,462	—	10,462
Investment income		54	—	54
Total income		<u>24,891</u>	<u>236,175</u>	261,066
Expenditure on:				
Raising funds	6	(2)	(33,788)	(33,790)
Charitable activities	5	(19,894)	(193,821)	(213,715)
Total expenditure		<u>(19,896)</u>	<u>(227,609)</u>	(247,505)
Net income and net movement in funds		4,995	8,566	13,561
Reconciliation of funds				
Total funds brought forward		61,007	8,746	69,753
Total funds carried forward	16	<u>66,002</u>	<u>17,312</u>	83,314

All of the charity's activities derive from continuing operations during the above two periods.

Balance sheet Year ended 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible fixed assets	13	1,961	3,070
Current assets			
Debtors	14	11,000	1,252
Cash at bank and in hand		87,331	91,580
		98,331	92,832
Creditors: amounts falling due within one year	15	(21,944)	(12,588)
Net current assets		76,387	80,244
Net assets		78,348	83,314
Funds of the charity:			
Restricted funds	19	11,925	17,312
Unrestricted income funds			
.Unrestricted funds		66,423	66,002
Total funds	16	78,348	83,314

The financial statements on pages 17 to 28 were approved by the Trustees, and authorised for issue on 31 August 2018 and signed on their behalf by:

Kate Ormiston Smith
Trustee

Finance Innovation Lab: A company limited by guarantee. Company Registration No. 9380418 (England and Wales).

1 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the Trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

2 Principal accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Finance Innovation Lab meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Exemption from preparing a cash flow statement

The charity has applied Charities SORP (FRS 102): Update Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

2 Principal accounting policies (continued)

Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

2 Principal accounting policies (continued)

Expenditure (continued)

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Computer equipment	25% straight line

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

2 Principal accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

3 Income from donations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donations				
- Donations from companies, trusts and similar proceeds	23,933	—	23,933	4,375
Grants from:				
- Charities	60,000	125,200	185,200	236,175
- Companies	—	—	—	10,000
	83,933	125,200	209,133	250,550

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Consultancy (social and sustainable finance and financial reform)	13,387	—	13,387	6,356
Participant contributions	550	—	550	4,106
	13,937	—	13,937	10,462

5 Expenditure on charitable activities

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs		25,785	6,684	32,469	24,429
Staff costs		—	61,058	61,058	86,901
Freelance staff		21,140	26,582	47,722	48,044
Allocated support costs	7	36,091	8,461	44,552	54,341
		83,016	102,785	185,801	213,715

6 Fundraising costs

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Staff costs		—	24,418	24,418	21,043
Allocated support costs	7	14,433	3,384	17,817	12,747
Total		14,433	27,802	42,235	33,790

7 Support costs

	Fundraising costs £	Charitable activities £	Total 2017 £	Total 2016 £
Governance	943	2,357	3,300	3,900
Staff costs	8,778	21,949	30,727	39,019
Finance	38	94	132	178
IT	656	1,640	2,296	1,082
HR	17	42	59	59
Legal and Professional	4,187	10,471	14,658	—
Establishment	2,699	6,748	9,447	15,993
Other	500	1,250	1,750	6,857
Total	17,818	44,551	62,369	67,088

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Audit fees	—	3,300	3,300	3,900

9 Net income

Net income for the year is stated after charging:

	2017 £	2016 £
Audit fees:		
. Current year	3,900	3,900
. Prior year	(600)	—
Depreciation	1,109	1,065

10 Trustees' remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

Christine Berry is a Trustee of the Lab and provided consultancy services to the Lab to the sum of £1,650 in the year (2016: £nil).

No other trustees have received any other benefits from the charity during the year.

Expenses totalling £58 (2016 - £21) for board meeting refreshments was spent during the year.

Key management personnel remuneration for the year was £60,000 before tax (2016: £60,000).

11 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	104,394	135,174
Social security costs	8,781	11,789
Employer pension contribution	3,028	0
	116,203	146,963

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as average full time equivalents was as follows:

	2017 No	2016 No
Average number of employees	2	4

The number of employees whose emoluments fell within the following bands was:

	2017 No	2016 No
£60,000 - £70,000	1	1

12 Taxation

Finance Innovation Lab is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

13 Tangible fixed assets

	Total (computer equipment) £
Cost	
At 1 January 2017	4,439
Additions	—
At 31 December 2017	<u>4,439</u>
Depreciation	
At 1 January 2016	1,369
Charge for the year	1,109
At 31 December 2017	<u>2,478</u>
Net book value	
At 31 December 2017	<u>1,961</u>
At 31 December 2016	<u>3,070</u>

14 Debtors

	2017 £	2016 £
Trade debtors	11,000	150
Prepayments	—	1,085
VAT recoverable	—	17
	<u>11,000</u>	<u>1,252</u>

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	5,690	3,180
Other taxation and social security	3,486	3,771
Other creditors	828	387
Accruals	11,940	5,250
	<u>21,944</u>	<u>12,588</u>

16 Funds

	Balance at 1 January 2017 £	Income £	Expenditure £	Balance at 31 December 2017 £
Unrestricted funds				
General	66,002	97,870	(97,449)	66,423
Restricted funds	17,312	125,200	(130,587)	11,925
Total funds	<u>83,314</u>	<u>223,070</u>	<u>(228,036)</u>	<u>78,348</u>

16 Funds (continued)

	Balance at 1 January 2016 £	Income £	Expenditure £	Balance at 31 December 2016 £
Unrestricted funds				
General	61,007	24,891	(19,896)	66,002
Restricted funds	8,746	236,175	(227,609)	17,312
Total funds	69,753	261,066	(247,505)	83,314

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	—	1,961	1,961
Net current assets	66,423	9,964	76,387
Total net assets	66,423	11,925	78,348

18 Analysis of net funds

	At 1 January 2017 £	Net cash flow £	At 31 December 2017 £
Cash at bank and in hand	91,580	(4,249)	87,331
Net debt	91,580	(4,249)	87,331

19 Restricted funds

Fund	Balance at 1 January 2017 £	Income £	Expenditure £	Balance at 31 December 2017 £
Friends Provident	4,242	—	(4,242)	—
WWF	(930)	25,500	(24,570)	—
Barrow Cadbury	14,000	49,700	(51,860)	11,840
Tudor Trust	—	50,000	(49,915)	85
Total restricted	17,312	125,200	(130,587)	11,925

19 Restricted funds (continued)

Friends Provident – project and core funding to support the establishment of the Lab as an independent organisation, with a particular focus on advocacy work through the Transforming Finance Network.

WWF – core funding to support the delivery of the Lab’s strategic plan.

Barrow Cadbury – project grant for a series of workshops and research report on the topic: “Can financial regulation promote social purpose?” and project grant for the Financial Health Fellowship

Tudor Trust – grant to support core operational costs.

20 Related party transactions

Other than as disclosed in note 10, the following related party transactions took place during the year.

Susan Charman is a Trustee of the Lab and an employee of WWF-UK. WWF-UK made grants to the Lab during the year totalling £25,500 (2016 - £83,175) where she was involved in the decision making process at WWF-UK.

Robert Hodgkinson is the Executive Director, Technical at ICAEW and served as a Trustee up to his resignation on 5th July 2017. During the year, the Lab received a donation of £nil from the ICAEW (2016: £10,000).