



## **Annual Report and Financial Statements**

(A company limited by guarantee)

31 December 2020

Company Registration Number  
09380418 (England and Wales)

Charity Registration Number  
1165269 (England and Wales)

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**References and Administrative Information** Year ended 31 December 2020

<b>Trustees</b>	Brhmie Balaram Christopher (Kit) Beazley (Chair from 27 January 2021) Simon Borkin Katherine Boswell David Carrington (Vice Chair) Susan Charman (Chair, resigned 27 January 2021) Mikael Down Nana Francois (Vice Chair from 27 January 2021) Casey Lord Laurie Macfarlane Katherine Ormiston Smith (Treasurer) Amit Shah (Vice Chair from 27 January 2021) Marsha Taylor-Daniel (resigned 8 December 2020)
<b>Chief Executive Officer</b>	Jesse Griffiths (appointed 27/04/2020) Anna Fielding (prev. Laycock, CEO until 27/04/2020, resigned 10/06/2020)
<b>Principal Address</b>	HubHub 20 Farringdon Street London EC4A 4EN
<b>Company registration number</b>	9380418
<b>Charity registration number</b>	1165269
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Principal bankers</b>	Unity Trust Bank PO Box 7193 Planetary Road Willenhall WV1 9DG

## Trustees' Report Year ended 31 December 2020

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 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 31 to 33 and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out 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 United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and accounts.

### Our vision

Our vision is a financial system that serves people and planet – one that's democratic, sustainable, just and resilient.

Democratic	a transparent and accountable financial system, where all people can participate in the rule-making and institutions that shape it.
Sustainable	a financial system that helps meet society's long-term needs and supports human flourishing on a thriving planet.
Just	a financial system that promotes diversity and equality and protects human rights.
Resilient	a financial system that provides security and stability for all, and for the real economy.

### The need

Our financial system has become disconnected from the real needs of people, the environment, the wider economy and society. Dysfunctions in the financial system lie at the root of today's challenges, from climate change and economic crises, to poverty, marginalisation, vulnerability and inequality.

It doesn't have to be this way. 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

We focus on transformative systems change; deep, lasting change in the financial system that impacts:

- **Mental models** – the social and cultural mindsets, narratives, norms and values that make up and perpetuate what we believe is normal.
- **Power dynamics** – power dynamics determine how the system operates, who gets most influence, and whose interests prevail.

## Trustees' Report Year ended 31 December 2020

We know we can't do this alone. Our role is to build power to make this change happen, by:

- **Cultivating a powerful community of systems-changemakers** – from inside and outside the financial system, including innovators and influencers from values-based finance, fintech, mainstream finance, civil society organisations, governmental organisations and academia.
- **Working on high impact initiatives with clear leverage points** – to achieve concrete changes that shift mental models and power dynamics to transform the financial system.

Our current initiatives are grouped into four programmes targeting the key financial system impacts needed to meet our vision:

- **Growing purpose-driven finance** – significantly expanding the size and impact of financial institutions that put social and environmental purpose at the heart of their ownership, mandate, governance, culture, and business models will be key to building the financial system of the future.
- **Shifting mainstream finance** – mainstream players such as banks and pension and insurance funds will have to shift their activities significantly if we are to meet our environmental and social goals.
- **Influencing law, regulation and policy** – the financial system is structured by policy and regulation which define the playing field and rules of the game, and the system's alignment to environmental and social goals. These rules hold the key to creating or incentivising major transformative change to the system.
- **Building our community** – we build the power of our community by developing its size and diversity, facilitating connections, nourishing the people within it, advancing new thinking, and by supporting the development and growth of initiatives for change.

### Our work in 2020

Thanks to the ongoing support of our funders and community, and the incredible resilience and adaptability of our team, the Lab thrived in 2020 despite the very difficult conditions created by the coronavirus pandemic.

During the year, we developed our policy and advocacy work, expanded our work with intrapreneurs influencing change in mainstream finance, and grew our community of practice to over 650 members. As planned, 2020 also saw the recruitment of our new Chief Executive Officer, Jesse Griffiths, as we said goodbye to Anna Fielding (prev. Laycock) after nearly five years at the helm. One of Jesse's first achievements was to successfully lead the finalisation of our new ten-year strategy. The full strategy is available on our website at <http://filab.uk/ourstrategy>.

2020 also saw changes to our board in preparation for the departure of our long-standing trustee, and latterly Chair, Sue Charman, in January 2021.

### **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.

## **Growing purpose-driven finance**

### ***What we did***

As part of our new strategy, we have broadened our scope from supporting early-stage financial innovators to significantly expanding the size and impact of financial institutions that put social and environmental purpose at their heart. To initiate this work, in 2020 we published a discussion paper, *Barriers to Growing the Purpose-Driven Banking Sector in the UK*. The report provides an up-to-date summary of the state of purpose-driven banking in the UK. It identifies the different institutions offering purpose-driven banking services, what sets these institutions apart from mainstream banking, and key barriers to growth.

## Growing purpose-driven finance (cont'd)

### *What we did (cont'd)*

We undertook a number of additional initiatives in 2020 to offer practical and effective support to help purpose-driven finance institutions break through the barriers that are holding them back. For example, we:

- **Published an Open Banking Guide for Credit Unions** and presented our findings to the HM Treasury financial services team. Credit unions are a vital example of financial institutions that provide fairer and responsive financial services to marginalised communities. They face existential threats from the rapid digitisation of finance, which our guide is helping them to overcome.
- **Learned the lessons from our 2019 Lab Fellowship**, our unique incubator programme for financial innovators with a social or environmental mission. This supported innovations harnessing the power of data to build a financial system that serves people and planet, and we continued to support Fellowship alumni through our Community programme.
- **Supported the new network of regional community banks** which aim to provide fair, sustainable banking for all, boost local economies and shift the banking funding model away from fees and penalties that mean the poorest and marginalised end up paying more of the costs of banking. This included advising a new initiative to explore the development of a community bank for Oxford, and providing expertise to support Avon Mutual's fundraising. We also supported the network to advocate for the Bank of England to develop simpler regulation for small banks, which could support the establishment of regional mutual banks.

A particular focus for us has been how purpose-driven banks can keep abreast of technological developments, so that they remain relevant to customers, and can be supported to use technology in a way that is affordable and aligns with their values.

### *The difference we made*

Our work has helped to raise awareness amongst policymakers and industry of the need to consider credit unions when developing policies around the use of technology in finance, which will help ensure they are not left behind, and that opportunities to use this in socially useful ways are not missed. For example, the Open Banking implementation entity's website now has a credit union section, which features our guide.

Our internal evaluation of the Fellowship in 2019 highlighted the programme's strengths in supporting Fellows to hone and embed purpose into a business strategy, communicate effectively about transformative innovation in finance, develop collaborative leadership skills, and feel part of a community of support.

## Growing purpose-driven finance (cont'd)

### *The difference we made (cont'd)*

The 2019 Fellows saw a number of achievements during 2020, to which the Lab contributed. For example:

- CoGo partnered with Natwest on a pilot to help customers track the carbon footprint of their spending;
- Tumelo announced a partnership with Legal and General, to give people transparency and a shareholder voice over their pensions; Tumelo was also recognised as one of ten hottest fintechs of 2020, and their founder (and Lab Fellow) Georgia Stewart was recognised as a Standout Star on the 2019 Innovate Finance Women in Fintech Powerlist and won innovator of the year at the Women in Pensions Awards;
- NestEgg joined the FCA's sandbox and were selected as a finalist of Nesta's Rapid Recovery Challenge. In the wake of COVID-19, they led calls and offered ways for mainstream banks to refer people declined for loans to the affordable credit sector.

*"I wanted to meet other people working for change, to find the right partnerships and re-install a sense of purpose to my work. Additionally, I wanted to raise the profile of NestEgg and see how it could contribute to wider systems change. All of this, and more, has been delivered." – Adrian Davis, NestEgg*

## Shifting mainstream finance

### *What we did*

Mainstream players such as large banks and pension and insurance funds must shift their activities significantly if they are to be fit for purpose in a just and sustainable world. We know that a single person or initiative cannot drive transformational change in a large institution on their own. That's why we are:

- **Building a diverse community of disruptive banking intrapreneurs.** We coined the term 'systemic intrapreneur' to describe banking professionals seeking to transform their institution from within by aligning core strategy, operations and culture with positive social and environmental outcomes. We have learned that providing targeted support for active intrapreneurs and disseminating insights from this work across the wider sector better leverages our resources for scalable impact.

Shifting to online delivery once the pandemic took hold, in 2020 we hosted five peer learning events with participation ranging from seven to 50 systemic intrapreneurs. A highlight was the Climate Safe Learning Lab, a confidential peer learning space for banking professionals advancing the just transition agenda within their institutions.

## Shifting mainstream finance (cont'd)

### *What we did (cont'd)*

This was attended by 50 banking professionals from five continents, ranging from graduate to managing director level, and working in diverse roles across their banks. Participants spent a half day unearthing the organisational, cultural and behavioural barriers that prevent their bank from taking greater action on the just transition to a low carbon economy.

- **Directly influencing banks through long-term strategic partnerships.** We have so far engaged with two of the UK's Big Four banks to test how we can have the greatest impact – whilst still retaining the Lab's independence of thought and purpose. The kinds of engagement that have proven effective include: one-to-one coaching of key changemakers internally; bringing in experts from the Lab community to raise awareness of what purpose-driven finance looks like in practice; facilitating strategic connections to Lab community members; participatory workshops to identify key barriers to purpose-driven change and identifying solutions.
- **Collaborating with fellow bank influencers including campaigners and NGOs.** This includes sharing information, supporting strategy development, and building networks.

### *The difference we made*

During 2020 we grew our community of systemic intrapreneurs to 118 individuals in the UK with 67 participating in at least one initiative, and with an additional 48 programme participants internationally. Through attending events and being supported by the Lab, systemic intrapreneurs built relationships with one another, confidence in their capacity as changemakers, and gained new knowledge and tools for creating change. 48% of participants from the 2019 Climate Safe Learning Lab returned to participate in 2020, with several sharing stories of how they attribute the initiative to a significant increase in their ability to influence change. With consent from participants we published insights in a learning report for the benefit of other climate-focused intrapreneurs and also to inform the strategies of pressure groups influencing banks from the outside. Through relationships built with systemic intrapreneurs we have received invitations to support banks with embedding social and environmental purpose at the strategic level.

In 2020 we continued working as part of one major banking institution's five-year change programme. Through facilitated strategy workshops, and ongoing coaching and advisory, we have been supporting the social innovation team to transition from being a siloed, peripheral business function to becoming internal consultants for embedding social and environmental purpose into all core business units in the bank. After two years of engagement with this team, not only have they achieved this strategic shift, but social and sustainability concerns are now so embedded into business as usual that they feel there is less need to have a specific team dedicated to this. While a range of wider contextual factors have created an enabling environment for this change to occur, the leader of this team confirms they clearly see both "direct and non-linear effects" of the Lab's support.

## Advocacy and influencing

### *What we did*

In 2020, we revitalised our advocacy work. This forms part of the programme to influence law, regulation and policy – set out in our new 2030 strategy.

#### *Transforming data*

In 2020, we developed the Transforming Data Network (TDN) of third sector organisations, representing diverse interests, who want to understand and advocate for social and environmental purpose to be prioritised as finance becomes more technologically driven. We engaged over 150 third sector organisations through workshops and meetings.

Our report *Lifting the Lid on Fintech*, published in December 2020, draws on the insights of TDN and examines the way technology-driven innovation is changing finance on a systemic level. It shows how finance is learning from Big Tech and the 'platform' which is enabled and powered by the mass acquisition and manipulation of data. This is leading to a concentration of corporate power and increased threats to democracy, sustainability, justice, and resilience.

The report formed the basis of our input to the government-commissioned Fintech Strategic Review.

*"... a striking report by the UK-based Finance Innovation Laboratory shows that there is a dark side to fintech too: a lack of data privacy and concentration of power on some platforms, and extensive energy usage." – Gillian Tett, FT*

We also built a strong civil society voice for social and environmental impacts to be prioritised in Open Finance – a major new government-led programme of the data revolution. We responded to the FCA's call for input in the spring, and in June partnered with debt charity StepChange to organise a workshop which was attended by over 60 representatives from the third sector. As a result of the workshop, we identified a need to develop a third sector-led vision for how Open Finance could serve the needs of individuals and communities, particularly those that are vulnerable and marginalised. In September we formed the Open Finance Working Group, which includes ABCUL (the Association of British Credit Unions), Fair by Design, Fair4All Finance, Macmillan, and The Open Data Institute, among others, to take this on. We have also undertaken activities together including responding to the National Data Strategy and securing a meeting with the FCA's Open Finance Team.

#### *Transforming finance*

Following the COVID-19 outbreak, the Lab reinvigorated the Transforming Finance Network (TFN), which brings together civil society organisations working on policy change to transform finance to serve people and planet. Convened by the Lab and Positive Money since 2013, the network includes over 40 civil society organisations.

**Advocacy and influencing** (cont'd)

***What we did*** (cont'd)

TFN worked together to ensure social justice and financial resilience were firmly embedded in COVID response policies and the post-COVID recovery. During the year we built shared knowledge about how finance and the policy landscape were changing in light of the pandemic, and produced publicly available resources to share learnings and influence public policy.

The Lab played a leadership role in civil society advocacy on key issues, including the Financial Services Bill and the Financial Services Future Regulatory Framework Review. We prepared a submission to the Financial Services Bill Committee, briefed MPs and our CEO gave evidence to the Financial Services Bill Committee.

***The difference we made***

The data revolution, turbo-charged by the pandemic, is rapidly changing finance. The Lab's Transforming Data programme has developed an effective civil society response to this challenge, by helping civil society organisations work together to keep abreast of and understand complex and opaque developments. For example, before the Open Finance workshop we ran in June, participants' average reported confidence in explaining what Open Finance is and what it means for their work was 3/5 and 2/5. Afterwards it was 4/5 for both.

We have also worked with TDN to develop an agenda for change, focusing on how the direction of data-driven finance reforms needs to be shifted to work for people and planet, and shared this with policymakers. As a result of the Lifting the Lid on Fintech report, a number of opportunities arose to advocate to senior policy makers and regulators. For example, a senior HM Treasury official told us that our report was a valuable resource, usefully evidencing social and environmental risks, and offering new perspectives they do not normally hear. In 2020, our work on Open Banking/Finance was referenced in reports by the RSA and the Institute for Public Policy Research (IPPR).

The UK's financial sector is undergoing significant change. Following Brexit, the transfer of powers from Brussels to London has opened up questions about the purpose of finance and its role in our economy, as well as how the public can hold the sector and relevant policymaking to account. The Lab has played a key role in highlighting the critical need for all financial sector policy and legislation to refocus on the impacts on the real economy, the environment, inequality and other social and environmental issues. We identified the need to respond to the most important government agendas – the Financial Services Bill and the Financial Services Future Regulatory Framework Review – and coordinated civil society advocacy in order to ensure that the future of finance is not just shaped by vested interests.

## **Building our community**

### ***What we did***

The Lab's community of practice is made up of over 650 financial changemakers, including purpose-driven innovators, intrapreneurs, regulators and investors. The community plays an important role in connecting, supporting and amplifying the work of innovators, including ensuring ongoing support for our Fellows beyond the end of the formal Fellowship programme.

In early 2020 we held an event for our Women in Financial Innovation network (a sub-community addressing the marginalisation of women within and by the financial system, that we have convened since 2018) in partnership with Friends of the Earth's Own It initiative. The event explored how women can take climate action with their personal finances while also securing their own financial futures, and resulted in 23 pledges of further participation with the Own It project.

After the onset of the pandemic, we shifted our community activities to support immediate COVID-19 response work, particularly community members working to ease the financial impacts and support the financial health of marginalised communities in the UK. We held online events to showcase and gain support for their work, undertook extensive match-making for coronavirus-response projects and highlighted initiatives and resources through our communications.

We ran a mutual mentoring pilot to support the leadership development of people in our community. We have also continued our work to promote racial justice in the financial system, including supporting our People of Colour in Financial Innovation community through sharing relevant resources and opportunities, and writing about the relationship between racism and finance.

### ***The difference we made***

The Lab's community strategy, launched in May 2019, set a target of adding 150 new members to our community by the end of 2020. This target was exceeded, with 215 new community members onboarded.

We have made over 350 connections for community members since 2019, with connections resulting in partnerships, client introductions, referral relationships, advisory board engagements and speaker invitations for community members. Our community events, which consistently get excellent feedback, result in further connections and follow-up opportunities for community members.

Community members report a strong level of awareness and understanding of the Lab's work, (with 76.9% agreeing or strongly agreeing) and commitment to the Lab's vision (with 94.9% agreeing or strongly agreeing). Our efforts to make the Lab community diverse and inclusive are making progress: over 40% of our community are women, and over 20% are people of colour.

## Building our community (cont'd)

### *The difference we made (cont'd)*

The strongest testament of the difference made by our community programme comes from the community itself. Here's how they describe the Lab community:

"A fantastic, expert and collaborative community to discuss imperatives, build partnerships, share knowledge and network on Fintech innovation and inclusive solutions for society and the economy."

"A great place to connect with other people doing exciting things in ethical finance. Friendly and inclusive. Different to typical networking in finance sector."

"A group of innovators and practitioners who are building and influencing financial systems that work for everyone."

## Shaping the debate

### *What we did*

In 2020 the Lab issued the following publications:

- **Barriers to Growing the Purpose-Driven Finance Sector in the UK**, a discussion paper exploring the concept of purpose-driven banking, which will inform the development of our new programme to grow and strengthen financial institutions that put social and environmental purpose at their heart. The report provides an up-to-date summary of the state of purpose-driven banking in the UK. It identifies the different institutions offering purpose-driven banking services (building societies, CDFIs, credit unions, ethical banks, and mutual banks), what sets these institutions apart from mainstream banking (their mission, supported by ownership, governance, and culture and leadership), and key barriers to growth.
- **Lifting the Lid on Fintech: What does technology mean for a financial system that serves people and planet?** This report sets out our thinking on how fintech is transforming finance on a systemic level, leading to increased threats to democracy, sustainability, justice, and resilience in finance. When the dominant narrative around the use of tech in finance is shaped by industry and focuses on market opportunities, Lifting the Lid takes a critical lens to fintech and shines a light on the importance of considering its social and environmental risks. It also proposes seven principles to guide policymakers and regulators in order to realise fintech's positive potential.
- **Climate Intrapreneurs: Insights from the front lines of bank climate action.** This is a synthesis of the insights from the recent Climate Safe Learning Lab convening which the Lab hosted with the Climate Safe Lending Network. It shares insights into the organizational, behavioural and cultural dynamics that limit climate action within large mainstream banks and how banking professionals are addressing them.

## Shaping the debate (cont'd)

### *What we did (cont'd)*

- **A Banker's Guide for Transforming Finance.** This report shares our learning from a two-year pilot programme to support intrapreneurs within large mainstream banks. Taking a systems change lens, we explore how intrapreneurs are working to create change within their institutions, the common barriers they face, effective strategies they use and the support they require.

In recognition of the Lab's expertise, our team are also frequently asked to share their expertise in various settings. Examples include:

- Participating as a member of the Advisory Committee for the London School of Economics' Banking on a Just Transition initiative. Our insights about how systemic change happens within banks were embedded into the initiative's seminal publication with Finance Innovation Lab directly referenced in the report. As a result, we have since been invited to join the Financing a Just Transition Alliance which is working to ensure social inclusion of workers, businesses, citizens and communities is embedded in climate finance policy and practice.
- Presenting to the All Party Parliamentary Group on the Green New Deal about the role of banking and finance in financing a green and fair recovery.
- Speaking at a UK Sustainable Investment and Finance Association conference on the deep transformation required for banks to align to net zero.
- Being interviewed about the just transition to "less cash" for the new IPPR podcast, as well as the impact of digital finance on inequality for the ICAEW website.
- Participating in the Customer Insight and Impact Group for Moneyline, the UK's leading alternative to doorstep lending.
- Chairing the fintech panel of the fintech talents (FTT) Virtual Building Societies conference.
- Convening a 'Community of Communities' group to enable peer learning around the role of community in systemic change.

## The difference we made

The strength and credibility of our work enables us to amplify the work of our community, challenging and changing narratives and norms around finance on a wider scale. To further the reach of our ideas and amplify the impact of our programmes we also engaged with national and industry media and contributed to changing the narrative on finance, with the Lab's work featured in Financial Times Moral Money, iNews, openDemocracy, Finextra, Novara Media, Co-op News, Civil Society Media, Good With Money, Talking Credit Unions podcast and more.

### **2021 and beyond**

2021 will be the first year implementing our new strategy. Further details on the strategy are available from our website at: <http://filab.uk/ourstrategy>. Building on work to date, and in line with our 2030 strategy, some key plans for 2021-2022 include:

- continue to grow our community of committed changemakers inside major financial institutions ('systemic intrapreneurs') to influence their banks to enable a just transition to a low-carbon economy; build their skills, knowledge and motivation to lead change; and support them to influence their wider institutions.
- work directly with banks in strategic partnership, providing advice, coaching, leadership development, and examples of purpose-driven finance enabling them to realign their purpose, products and services to a just transition, embedding this in their strategy, culture and operations.
- plan the fourth iteration of our highly successful Fellowship programme, which currently runs every two years and incubates promising innovators to develop initiatives that put social and environmental impact at their heart, and develops their ability to lead systemic change in finance.
- develop a new initiative to help the purpose-driven banking ecosystem grow and strengthen. This will begin by helping to create a sense of common identity within the community and identifying common barriers to growth as well as opportunities to tackle them. It will also include supporting the advocacy efforts of the network of regional cooperative banks, credit unions and community finance institutions.
- step up our efforts to influence the major policy changes that are planned in reaction to the economic crisis and Brexit. As part of this we have reinvigorated the Transforming Finance Network of over 40 civil society organisations, but we are also working in collaboration with wider civil society networks and organisations.
- develop and strengthen the Transforming Data Network we built in 2020 in order to continue influencing data-driven finance so that it serves everyone in society.
- continue building and supporting our community of those inside and outside the financial sector who want to transform finance, through outreach, activities and events, and ongoing thought engagement work.
- document our research, learning, and tools, and disseminate these through our community and partners, speaking engagements and Lab communications channels.
- grow and diversify our income sources to expand our reach and impact.

### **The impact of COVID-19**

During 2020, the coronavirus pandemic had a profound impact across all sectors and countries. In line with guidance published by the SORP-making committee, the trustees have identified the key impacts of this crisis on the Lab to date as follows:

#### ***Charitable activities***

The team reviewed all planned programmatic work to consider which elements remain both viable and relevant given the dramatic change in context. The most immediate impact of the crisis was on our community programme, as our community strategy previously set a deliberate focus on face-to-face events. A series of community events on the particular barriers that people from other underrepresented groups face in finance, planned for early 2020, were postponed due to COVID-19.

Aided by the movement of much of our daily interactions online, we trialled our first online community event in late April. We have found that the switch to online convenings has opened up valuable opportunities, including widening access for participants. We focused our community support on COVID-19 response initiatives, offering tailored match-making and additional amplification through our communication channels.

#### ***Fundraising and finance***

Thanks to our funding structure - and to our funders, for whose ongoing support we are incredibly grateful - we have to date been largely sheltered from the most acute financial impact of the pandemic.

In May 2020 we secured a further grant from Partners for a New Economy, and in December we secured a further grant from Friends Provident Foundation, both for two years. During the year we were grateful to receive a booster grant from the Joseph Rowntree Charitable Trust, subsequently renewing our core funding from the Trust up to 2025. We also secured a grant from the Paul Hamlyn Foundation to support our Transforming Data project.

The funding environment is in flux, with many funders diverting their focus to existing grantees and frontline responses, and the long-term impact of the COVID-19 crisis on fundraising is not yet clear. However, given existing funding commitments the trustees consider there are currently no material uncertainties about the charity's ability to continue as a going concern.

#### ***Staff, volunteers and operations***

Individually and collectively we are juggling competing personal and professional demands and passions, while simultaneously processing this experience of ongoing trauma and loss. Our priority in the early stages of this crisis was to support the wellbeing of our team, board, other volunteers and wider community, as only by doing so can we continue to deliver the impact on the financial system that we strive to achieve.

From 13 March 2020 the team switched to working from home full time. While our office is in central London, the crisis has seen some staff moving as far afield as Scotland (prior to lockdown) to be closer to family members. Given the nature of our work we chose not to officially return to the office during 2020, although limited office space has remained available to staff if needed. We expect remote working to continue as the norm for us well into 2021.

## **Trustees' Report** Year ended 31 December 2020

Given this, we negotiated a discount on our office space during the year, and have since reduced our contract to a minimum of desks to ensure we have some space available to us whilst minimising costs. We continue to keep this contract under review.

Among our trustees, the additional pressures caused by the pandemic – including the closure of schools and nurseries - led some board members to reduce their involvement for periods during the 2020 and early 2021. We fully support them in this decision, and given the size of our board, the trustees are comfortable that the board's role was not detrimentally impacted as a result of this.

### ***Ongoing impact***

While predictions of any kind are very difficult at this stage, it is already clear that the economic impact of the current pandemic will be far greater than the last financial crisis, but that the role of finance will be just as important. In response to this, we will continue to adapt and refocus our work based on a vision for the future of finance post-COVID, and see this as an opportunity to accelerate our work of challenging and changing narratives and norms about finance.

### **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.

### ***Our Board***

The board can consist of up to fourteen trustees, all able to serve two terms of three years. Sub-committees of the board are convened to expedite the execution of duties. Current sub-committees are the Finance and Operational Risk committee, and the Communications and Fundraising Committee, both of which meet quarterly in advance of board meetings. In addition, the Chair and Vice Chairs meet together with the CEO and COO on a monthly basis.

Trustee recruitment is conducted via an open application process advertised via various different channels. Induction support is provided to all new trustees by the staff team and Chair. This includes copies of relevant policies, procedures, and governance information.

## Trustees' Report Year ended 31 December 2020

The trustees who served during the financial period were:

Brhmi Balaram	Appointed 30 April 2019
Christopher (Kit) Beazley (Chair from 27 January 2021)	Appointed 30 April 2019
Simon Borkin	Appointed 30 April 2019
Katherine Boswell	Appointed 30 April 2019
David Carrington (Vice Chair)	Appointed 30 April 2019
Susan Charman (Chair until 27 January 2021)	Resigned 27 January 2021
Mikael Down	Appointed 15 October 2019
Nana Francois	Appointed 30 April 2019
Casey Lord	Appointed 30 April 2019
Laurie Macfarlane	Appointed 30 April 2019
Katherine Ormiston Smith (Treasurer)	Re-appointed 15 October 2020
Amit Shah	Appointed 30 April 2019
Marsha Taylor-Daniel (Vice Chair until 8 December 2020)	Resigned 8 December 2020

In October 2019, trustee Sue Charman took over as Chair until her term on the board expired in January 2021. Sue was the Lab's longest serving trustee, having been involved since 2009 when the Lab emerged from a collaboration between WWF-UK and the ICAEW. The support Sue has provided to the Lab and its team over the years is impossible to measure, and we will greatly miss her thoughtful approach and wise counsel.

At the end of 2020 our Vice Chair, Marsha Taylor-Daniel, also stepped down for personal reasons. We are grateful for her contribution to our work, and for the energy she brought to the Lab during her time on the board.

An external recruitment process for the role of Chair began in late 2020, and despite some strong external applications we were not able to find the required mix of skills to make an appointment. Due to other commitments, none of our existing board members had applied for the role – but much has changed for us all during the pandemic, and at the end of 2020 some of the board felt able to step up to key roles for an interim period. Kit Beazley took on the role of Chair, and will be supported by existing Vice Chair David Carrington, alongside current trustees Amit Shah and Nana Francois. In line with our core values of collaboration, empowerment and ambition, this group are working together with our CEO and COO to co-create what this shared leadership structure will look like.

## Trustees' Report Year ended 31 December 2020

### **Our team**

Day-to-day management is delegated to the Chief Executive Officer.

The Lab team during 2020 was:

Jesse Griffiths	Chief Executive Officer (from 27 April 2020)
Anna Fielding (prev. Laycock)	Chief Executive Officer (until 27 April 2020, remaining as Strategic Advisor until 10 June 2020)
Rebecca Sumner Smith	Chief Operating Officer
Marloes Nicholls	Head of Programmes
Lydia Hascott	Head of Intrapreneurship
Naomi Alexander Naidoo	Community Manager
Yvonne Morris	Operations Officer (from 13 March 2020)
Rosanna O'Donnell	Team Coordinator (until 10 February 2020)

Key management personnel during the year were Jesse Griffiths, Anna Fielding (prev. Laycock) and Rebecca Sumner Smith. Remuneration is reviewed and agreed annually by the trustees with reference to salary bands which have been set after consideration of external benchmarking. The Lab is an accredited Living Wage employer and we are committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain people with the right skills to have the greatest impact in delivering our charitable objectives.

In 2020, we completed recruitment of our new CEO, Jesse Griffiths, who joined us as CEO on 27 April 2020. Anna left on 10 June 2020, after an extended handover period. During her five years with the Lab, Anna oversaw its growth from a joint project of WWF-UK and the ICAEW to a thriving, independent charity with a unique personality and an open and inclusive culture. Key achievements in that time include building the world's first incubator for purpose-driven financial innovation; stimulating a new debate about the social purpose of financial institutions and the bodies that regulate them, and developing a ground-breaking programme to transform mainstream banking. We thank her for her hard work and dedication, for all she did in support of the team and the community, and for all she achieved in her time as CEO.

We are grateful for the support of our volunteers, Callum Bray, Dilan Saujani, Robin Watts and Matt Bedford. Their contribution to the Lab in 2020 is estimated at around 168 hours.

We also worked with a range of freelancers during the year who brought invaluable insight and skill to our work: Becca Bartholomew, David Clarke, Sarah King, Jacqueline Lim, and Robin Watts.

### **Compliance with the Charity Governance Code for smaller charities**

The Charity Governance Code ('the Code') is a voluntary code intended to help charities in England and Wales, and their trustees, develop high standards of governance. The Code has been designed as a tool to support continuous improvement – something core to the Lab's values and systems-focused approach.

## Trustees' Report Year ended 31 December 2020

The Lab is committed to the aims of the Code. As such, the trustees have resolved to adopt the Code and the Principles as a tool to identify areas to focus on. An updated version of the Code was released in December 2020, and in early 2021 the trustees engaged in a review of the Lab's governance in line with the Code practice. We will include further details in our annual report and accounts for the year to 31 December 2021.

### ***Equality, diversity and inclusion***

The Lab is committed to providing equality and fairness for all and not to discriminate on any basis, including gender, marital status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, mental health, religion or age. From the outset, the Lab has worked to build a culture which is open and inclusive, and actively to support equality, diversity and inclusion in our internal practices as well as our programmatic work. As part of our work on the updated Charity Governance Code we will be reviewing our practices in detail, with the aim of providing more detailed reporting in this area in future.

### **Where did our money come from?**

In 2020, we received income from the following sources:

	<b>2020 (£)</b>
Grants and donations	
Partners for a New Economy	112,498
Friends Provident Foundation	100,000
Tudor Trust	50,000
JRCT	56,992
Barrow Cadbury	49,750
Paul Hamlyn Foundation	20,000
	<b>389,240</b>
Consultancy Income	22,470
Participant contributions & sponsorship	320
Interest and reimbursed expenses	0
<b>Total</b>	<b>412,030</b>

### What did we spend it on?

Our biggest cost is our team: the talented people who design and deliver our programmes.

In non-COVID years our biggest areas of spend outside of staff costs are venue hire and hosting costs for our workshops, conferences, roundtables, events and residential retreats for programmes like our Fellowship. From March 2020, all Lab events shifted to online delivery, reducing costs. As a result, our largest areas of spend in 2020 were rent and accounting costs, as well as freelance costs for additional programme staff.

	2020 (£)
Staff costs	297,383
Rent, IT and other running costs	36,252
Accountancy, audit and legal fees	22,025
Freelance staff	17,500
Venues and hosting events	52
Communications and research	4,816
Meetings, travel and subsistence	407
<b>Total</b>	<b>378,435</b>

### Results for the year

Total income for the year was £412,030 (2019 - £362,655) of which £178,790 was unrestricted (2019 - £137,546) and £233,240 was restricted (2019 - £225,109). Unrestricted expenditure was £159,790 (2019 - £140,981) resulting in a surplus on unrestricted funds for the year after transfers of £19,000 (2019 – deficit of £3,435). Restricted expenditure was £218,645 (2019 - £249,013) resulting in a surplus on restricted funds for the year after transfers of £14,595 (2019 – deficit of £23,904).

### 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. The trustees review the amount of reserves that are required on a quarterly basis.

At 31 December 2020, the Lab had unrestricted reserves of £85,660, which represented 40% (or 4.79 months) of core operational expenditure. Having reviewed both the policy and reserves level in light of the ongoing uncertainty caused by the coronavirus pandemic, the trustees consider the level of reserves held to be appropriate.

### 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.

## **Trustees' Report** Year ended 31 December 2020

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, Christine Berry, Fran Boait, Gemma Bone Dodds, Diane Burrige, Martin Campbell, Bruce Davis, Simon Deane-Johns, Anna Fielding, Tony Greenham, Julia Groves, Malcolm Hayday, Nonhlanhla Makuyana, Reema Patel, Faith Reynolds, Karl Richter, Brett Scott, James Vaccaro, Emma Vartolomei and Bryan Zhang.
- Our funders, donors and supporters in the UK and beyond.

### **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

**Trustees' Report** Year ended 31 December 2020

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 they 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 20 July 2021 and signed on its behalf by:



CW Beazley  
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 2020 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 2020 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**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. The trustees are responsible for the other information contained within the annual report and financial statements. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law, 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 (who are also the directors of the charitable company for the purposes of company law) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

**Auditor's responsibilities for the audit of the financial statements** (continued)

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Independent auditor's report** Year ended 31 December 2020

**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.

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive, slightly slanted style.

Hugh Swainson, Senior Statutory Auditor  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 27.7.2021

**Statement of financial activities (incorporating income and expenditure account)**  
Year ended 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Income from:</b>				
Donations	3	156,000	233,240	<b>389,240</b>
Charitable activities	4	22,790	—	<b>22,790</b>
Total income		<u>178,790</u>	<u>233,240</u>	<b>412,030</b>
<b>Expenditure on:</b>				
Raising funds	6	(16,953)	(23,381)	<b>(40,334)</b>
Charitable activities	5	(142,837)	(195,264)	<b>(338,101)</b>
Total expenditure		<u>(159,790)</u>	<u>(218,645)</u>	<b>(378,435)</b>
<b>Net income and net movement in funds</b>		<u>19,000</u>	<u>14,595</u>	<b>33,595</b>
<b>Reconciliation of funds</b>				
Total funds brought forward		66,660	36,524	<b>103,184</b>
Total funds carried forward	17,20	<u>85,660</u>	<u>51,119</u>	<b>136,779</b>

Comparative figures for the year ended 31 December 2019:

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Income from:</b>				
Donations	3	95,000	225,109	<b>320,109</b>
Charitable activities	4	41,697	—	<b>41,697</b>
Other income		849		<b>849</b>
Total income		<u>137,546</u>	<u>225,109</u>	<b>362,655</b>
<b>Expenditure on:</b>				
Raising funds	6	(21,356)	(30,368)	<b>(51,724)</b>
Charitable activities	5	(119,625)	(218,645)	<b>(338,270)</b>
Total expenditure		<u>(140,981)</u>	<u>(249,013)</u>	<b>(389,994)</b>
<b>Net (expenditure) and net movement in funds</b>		<u>(3,435)</u>	<u>(23,904)</u>	<b>(27,339)</b>
<b>Reconciliation of funds</b>				
Total funds brought forward		70,095	60,428	<b>130,523</b>
Total funds carried forward	17, 20	<u>66,660</u>	<u>36,524</u>	<b>103,184</b>

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

## Balance sheet Year ended 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible fixed assets	13	4,760	2,573
Current assets			
Debtors	14	2,801	9,875
Cash at bank and in hand		158,984	122,744
		<b>161,785</b>	132,619
Creditors: amounts falling due within one year	15	(29,766)	(32,008)
Net current assets		<b>132,109</b>	100,611
Net assets		<b>136,779</b>	103,184
Funds of the charity:			
Restricted funds	20	51,119	36,524
Unrestricted funds		85,660	66,660
Total funds	17	<b>136,779</b>	103,184

The financial statements on pages 29 to 39 were approved by the trustees, and authorised for issue on 20 July 2021 and signed on their behalf by:



Christopher Beazley  
Trustee

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

## **1 Charity status**

The charity is a company 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) 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 have considered the impact of the COVID-19 crisis on the charity and put measures into place to ensure the Lab can continue its operations as described in the trustees report. Although the future fundraising is not yet clear, given existing funding commitments in place the trustees consider there are currently 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) and have therefore not included a cash flow statement in these financial statements.

### **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.

## 2 Principal accounting policies (continued)

### 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.

### 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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Computer equipment	25% straight line

## 2 Principal accounting policies (continued)

### 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.

### 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 2020 £
Grants from:			
- Charities	156,000	233,240	<b>389,240</b>
	<u>156,000</u>	<u>233,240</u>	<u><b>389,240</b></u>
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Total 2019 £</i>
<i>Grants from:</i>			
<i>- Charities</i>	<i>95,000</i>	<i>225,109</i>	<i>320,109</i>
	<u><i>95,000</i></u>	<u><i>225,109</i></u>	<u><i>320,109</i></u>

#### 4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £
Consultancy (social and sustainable finance and financial reform)	22,470	—	<b>22,470</b>
Participant contributions & Sponsorship	320	—	<b>320</b>
	<b>22,790</b>	<b>—</b>	<b>22,790</b>

  

	Unrestricted funds £	Restricted funds £	Total 2019 £
Consultancy (social and sustainable finance and financial reform)	29,279	—	29,279
Participant contributions & Sponsorship	12,418	—	12,418
	<b>41,697</b>	<b>—</b>	<b>41,697</b>

#### 5 Expenditure on charitable activities

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £
Direct costs		5,007	10,020	<b>15,027</b>
Staff costs	11	75,792	143,912	<b>219,704</b>
Freelance staff		9,400	8,100	<b>17,500</b>
Allocated support costs	7	52,638	33,232	<b>85,870</b>
		<b>142,837</b>	<b>195,264</b>	<b>338,101</b>

  

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £
Direct costs		2,680	37,036	39,716
Staff costs	11	38,589	151,254	189,843
Freelance staff		—	15,300	15,300
Allocated support costs	7	78,356	15,055	93,411
		<b>119,625</b>	<b>218,645</b>	<b>338,270</b>

#### 6 Expenditure on fundraising costs

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £
Staff costs	11	10,005	18,995	<b>29,000</b>
Allocated support costs	7	6,948	4,386	<b>11,334</b>
Total		<b>16,953</b>	<b>23,381</b>	<b>40,334</b>

  

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £
Staff costs	11	7,047	27,619	34,666
Allocated support costs	7	14,309	2,749	17,058
Total		<b>21,356</b>	<b>30,368</b>	<b>51,724</b>

## 7 Support costs

	Notes	Fundraising costs £ Note 6	Charitable activities £ Note 5	Total 2020 £
Governance	8	668	5,060	<b>5,728</b>
Staff costs	11	5,676	43,003	<b>48,679</b>
Finance		22	164	<b>186</b>
IT		407	3,083	<b>3,490</b>
Legal and Professional		2,185	16,555	<b>18,740</b>
Establishment		2,350	17,804	<b>20,154</b>
Other		26	201	<b>227</b>
<b>Total</b>		<b>11,334</b>	<b>85,870</b>	<b>97,204</b>

	Notes	Fundraising costs £ Note 6	Charitable activities £ Note 5	Total 2019 £
Governance	8	633	3,465	4,098
Staff costs	11	6,669	36,522	43,191
Finance		34	186	220
IT		320	1,754	2,074
Legal and Professional		2,511	13,751	16,262
Establishment		5,640	30,885	36,525
Other		1,251	6,848	8,099
<b>Total</b>		<b>17,058</b>	<b>93,411</b>	<b>110,469</b>

## 8 Governance costs

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £
Board costs	10	336	1,185	<b>1,521</b>
Audit fees	9	169	4,038	<b>4,207</b>
<b>Total</b>	<b>7</b>	<b>505</b>	<b>5,223</b>	<b>5,728</b>

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £
Audit fees	7 & 9	—	4,098	4,098

## 9 Net income

Net income for the year is stated after charging:	Notes	2020 £	2019 £
Audit fees	8	<b>4,207</b>	4,098
Operating leases – land and buildings		<b>18,240</b>	34,459
Depreciation		<b>1,318</b>	1,457

### 10 Trustees' remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year (2019: Nil).

No other trustees have received any other benefits from the charity during the year (2019: Nil).

Expenses totalling £450 (2019: £786) for board meeting venue costs and refreshments was spent during the year.

Five trustees (2019: 6) were reimbursed expenses of £1,071 (2019: £3,215) principally on travel to both trustees meetings and to assist with interviews.

Gifts to the value of £181 (2019: £55) were provided to three trustees on their retirement from the Lab or subsequent to suffering a bereavement.

### 11 Staff costs

The aggregate payroll costs were as follows:

Staff costs during the year were:	2020 £	2019 £
Wages and salaries	258,349	233,982
Social security costs	26,167	21,479
Employer pension contribution	12,867	12,239
	<b>297,383</b>	<b>267,700</b>

Key management personnel remuneration, which includes employer's National Insurance and pensions, for the year was £143,999 before tax (2019: £106,843). The increase from the prior year is due to (i) overlapping employment of the incoming and outgoing CEOs, to enable a successful handover, and (ii) having a COO in post for the full year (this role was new in 2019).

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:

	2020 No	2019 No
Average number of employees	<b>6</b>	<b>6</b>

The number of employees whose emoluments, excluding employers National Insurance and pensions, fell within the following bands was:

	2020 No	2019 No
£60,000 - £70,000	—	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

	2020 Total (computer equipment) £
<b>Cost</b>	
At 1 January 2020	6,567
Additions	4,846
Disposals	(1,399)
At 31 December 2020	<u>10,014</u>
<b>Depreciation</b>	
At 1 January 2020	3,994
Charge for the year	1,318
Disposals	(58)
At 31 December 2020	<u>5,254</u>
<b>Net book value</b>	
At 31 December 2020	<u>4,760</u>
At 31 December 2019	<u>2,573</u>

### 14 Debtors

	2020 £	2019 £
Prepayments and rental deposits	<u>2,801</u>	<u>9,875</u>

### 15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,033	9,051
Other taxation and social security	7,555	7,583
Other creditors	—	1,926
Accruals and deferred income	19,178	13,448
	<u>29,766</u>	<u>32,008</u>

### 16 Financial commitments

At 31 December the charity had the following minimum lease commitments under non-cancellable operating leases as set out below:

	Land and Buildings 2020 £	Land and Buildings 2019 £
Operating lease payments due within 1 year	<u>1,536</u>	<u>4,320</u>

**17 Funds**

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>					
<b>General</b>	66,660	178,790	(159,790)	—	<b>85,660</b>
<b>Restricted funds</b>	36,524	233,240	(218,645)	—	<b>51,119</b>
<b>Total funds</b>	<b>103,184</b>	<b>412,030</b>	<b>(378,435)</b>	<b>—</b>	<b>136,779</b>

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2019 £
<i>Unrestricted funds</i>					
<i>General</i>	70,095	137,546	(140,981)	—	66,660
<i>Restricted funds</i>	60,428	225,109	(249,013)	—	36,524
<i>Total funds</i>	<b>130,523</b>	<b>362,655</b>	<b>(389,994)</b>	<b>—</b>	<b>103,184</b>

**18 Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	2020 Total funds £
Tangible fixed assets	987	3,773	<b>4,760</b>
Net current assets	84,673	47,346	<b>132,019</b>
<b>Total net assets</b>	<b>85,660</b>	<b>51,119</b>	<b>136,779</b>

	Unrestricted funds £	Restricted funds £	2019 Total funds £
<i>Tangible fixed assets</i>	—	2,573	2,573
<i>Net current assets</i>	66,660	33,951	100,611
<i>Total net assets</i>	<b>66,660</b>	<b>36,524</b>	<b>103,184</b>

**19 Analysis of net funds**

	At 1 January 2020 £	Net cash flow £	At 31 December 2020 £
Cash at bank and in hand	122,744	36,240	<b>158,984</b>
Net debt	122,744	36,240	<b>158,984</b>

	At 1 January 2019 £	Net cash flow £	At 31 December 2019 £
<i>Cash at bank and in hand</i>	142,189	(19,445)	122,744
<i>Net debt</i>	142,189	(19,445)	122,744

**20 Restricted funds**

<b>Fund</b>	Balance at 1 January 2020 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2020 £
Partners for a New Economy	36,524	—	(36,524)	—	—
Barrow Cadbury Trust	—	49,750	(30,468)	—	<b>19,282</b>
Tudor Trust	—	50,000	(50,000)	—	—
Paul Hamlyn Foundation	—	20,000	(15,821)	—	<b>4,179</b>
JRCT	—	992	(992)	—	—
Partners for a New Economy (2020 – 2022)	—	112,498	(84,840)	—	<b>27,658</b>
<b>Total restricted</b>	<b>36,524</b>	<b>233,240</b>	<b>(218,645)</b>	<b>—</b>	<b>51,119</b>

<i>Fund</i>	<i>Balance at 1 January 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfer between funds £</i>	<i>Balance at 31 December 2019 £</i>
Partners for a New Economy	58,562	166,609	(188,647)	—	36,524
Barrow Cadbury Trust	1,866	8,500	(10,366)	—	—
Tudor Trust	—	50,000	(50,000)	—	—
<b>Total restricted</b>	<b>60,428</b>	<b>225,109</b>	<b>(249,013)</b>	<b>—</b>	<b>36,524</b>

*Partners for a New Economy* – strategic grant supporting the Lab's work to build a financial system that serves people and planet, including innovation, intrapreneurship, advocacy and testing approaches to scaling our impact.

*Barrow Cadbury Trust* and *Paul Hamlyn Foundation* – project grants for our programme focusing on financial policy and regulation, in particular our work responding to the rise of data-driven finance.

*Tudor Trust* – grant to support core operational costs.

*JRCT* - Covid-19 Organisational Support Fund for existing grantees of the Joseph Rowntree Charitable Trust

**21 Related party transactions**

Other than as disclosed in notes 10 and 11, there were no other related party transactions during the year.

In the previous year, the following related party transactions took place.

- Christopher (Kit) Beazley is a trustee of the Lab and in November 2019, together with the Lab's Head of Intreprenurship, co-presented a talk on purpose to a major bank's finance team. Travel expenses were refunded, but no remuneration was paid for this support.