

FAIR CREDIT CHARITY LTD

England & Wales · Charity number 1161809

Details

Other names	FAIR FOR YOU LTD
Status	Registered
Legal form	Charitable company
Company number	08991099
Registered	2015-05-22
Register	View on the Charity Commission register

Contact

Address	Unit 8 Elm Court Meriden Business Park Copse Drive Coventry CV5 9RG
Phone	03334330739
Email	enquiries@fairforyou.org.uk
Website	www.faircreditcharity.org.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE FOR THE PUBLIC BENEFIT TO:ADVANCE EDUCATION IN RELATION TO MONEY AND DEBT MANAGEMENT;RELIEVE FINANCIAL HARDSHIP AND DISTRESS; ANDPREVENT AND RELIEVE POVERTY;INCLUDING WITHOUT LIMITATION THROUGH THE ADVANCEMENT, PROVISION AND FACILITATION OF AFFORDABLE SOURCES OF CREDIT AND OTHER FINANCIAL SERVICES TO INDIVIDUALS IN LOW INCOME HOUSEHOLDS, WITH A VIEW TO ENABLING SUCH PERSONS TO RENT AND/OR OWN BASIC GOODS FOR THE HOME AND OTHER EVERYDAY PURPOSES AND WITH A VIEW TO PREVENTING SUCH PERSONS FROM FALLING PREY TO UNSCRUPULOUS OR USURIOUS PROVIDERS OF CREDIT.

Activities: Fair Credit Charity is established to alleviate poverty and financial hardship through tailored lending solutions, tailored to meet the modern borrowing needs of lower income family households.

Classification

- **How:** Provides Other Finance, Other Charitable Activities
- **What:** Education/training, The Prevention Or Relief Of Poverty
- **Who:** Children/young People, Other Defined Groups

Geography

- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£4,084,457	£4,150,141	£3,432,380	22
2023-12-31	£4,844,614	£4,626,387	£3,498,064	25
2022-12-31	£6,060,562	£4,750,630	£3,279,837	29
2021-12-31	£4,995,091	£4,698,985	£1,959,805	32
2020-12-31	£6,956,652	£4,418,144	£1,673,986	27

Trustees

Name	Role	Appointed
Harold Talbot-Tomlinson		2024-05-01
Jill Bonehill		2021-01-01
Joanne Fleming		2022-11-21
Jonathan Moore		2022-11-09
Susan Tangier Lewis		2025-09-18

FAIR CREDIT CHARITY LTD

England & Wales - Charity number 1161809

Accounts

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
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FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2024

Trustees J Bonehill
J Fleming
T Levitt
R Maverick
L Melvin
J Moore
H Talbot-Tomlinson (appointed 1 May 2024)
A Dodds (resigned 30 September 2024)

Company registered number 08991099

Charity registered number and Scottish charity registered number 1161809 & SC046556

Registered office Unit 8, Elm Court
Meriden Business Park
Copse Drive
Coventry
England
CV5 9RG

Company secretary C Bennett

Chief executive officer S Dukes

Independent auditor Blick Rothenberg Audit LLP
Chartered Accountants
16 Great Queen Street
Covent Garden
London
WC2B 5AH

FAIR CREDIT CHARITY LTD

(A company limited by guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Trustees present their annual report together with the audited financial statements of the Fair Credit Charity Ltd for the year 1 January 2024 to 31 December 2024. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Group and the Charity qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (strategic report and directors' report) Regulations 2013 has been omitted.

Originally called Fair for You Limited, in 2022 the Charity made the decision to change its name to the Fair Credit Charity to reduce confusion with its subsidiary Community Interest Company. The Charity has continued to provide oversight and monitoring of the governance and development of its subsidiary lending organisation, Fair for You Enterprise CIC.

Throughout 2024, the Charity has continued to provide oversight and monitoring of the governance and development of its subsidiary lending organisation. Additionally, in line with its strategy to December 2024 (see below), the Charity continued to seek to influence how the financial sector lends to lower-income individuals as well as lobbying for greater recognition of the impacts of high-interest and predatory lending and the poverty premium.

In addition, in 2024 the Charity incorporated two subsidiary companies, Fayre4U Limited and There4U Limited. These entities receive income from lending activities and commission from partner organisations.

The Fair Credit Charity is the sole member of Fair for You Enterprise CIC; a Community Interest Company which provides loans to families with low financial resilience. The consolidated balance sheet includes the assets and liabilities of all of the Charity's subsidiaries.

The lending activities of the CIC are financed by external investors. Such investment may take the format of equity and/or debt. For a detailed breakdown of the Fair Credit Charity's financial assets and liabilities, please refer to the Fair Credit Charity statement of financial activities.

Objectives and activities

a. Policies and objectives

The principal objects of Fair Credit Charity Ltd (the Charity) are for the public benefit to:

1. Advance education in relation to money and debt management;
2. Relieve financial hardship and distress; and
3. Prevent and relieve poverty.

Including without limitation through the advancement, provision and facilitation of affordable sources of credit and other financial services to individuals in low income households, with a view to enabling such persons to rent and/or own basic goods for the home and other everyday purposes with a view to preventing such persons from falling prey to unscrupulous or usurious providers of credit.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

FAIR CREDIT CHARITY LTD

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Objectives and activities (continued)

b. Strategies for achieving objectives

The Trustees believe that credit specifically aimed at lower income households needs to be highly visible, highly flexible, with a holistic and supportive service delivered with a high level of care.

c. Activities undertaken to achieve objectives

The Charity has established not for profit subsidiaries, the objectives of which are to deliver the lending solutions that meets the modern borrowing needs identified by the Charity.

The Charity is committed to quality and informed, independent social impact reporting on the effects of high cost credit on low incomes.

We are committed to campaign and work with others on broader issues of poverty and the need to make the lending environment fairer to people on low incomes.

Achievements and performance

a. Main achievements of the Charity

Utilising the 'Associate' programme of the social purpose organisation, 'On Purpose', from April to September 2024, the Charity had its first full-time dedicated Executive. The On Purpose Associate was tasked with reviewing and renewing the Charity's framework administrative and governance documents and website. Additionally, the Associate was also asked to explore commission (and publish) three research reports highlighting the Charity's position on key topics relevant to its strategy. As a result, during the second half of 2024, three reports were produced:

- **The Fair Credit Charity Banking Whitepaper.** Using case studies from Fair for You CIC, the Banking Whitepaper illustrated the inequity of financial exclusion as well as highlighting the missed opportunities for high street banks in providing affordable micro-credit to a demographic they continue to ignore. The Whitepaper prompted Fair Credit Charity meetings with a number of retail banks and contributed to the wider discussion on more inclusive financial services as promoted by the proponents of the Fair Banking Act and representatives of the wider Community Development Financial Institution sector.
- **Financial Education: A Road to Financial Inclusion.** Poor financial education is often cited as the casus belli behind financial exclusion. What the Financial Education report discovered – again pulling on Fair for You CIC customer experiences – was that the issue was more complicated. The report concluded that a combination of gaps in financial education alongside financial stress and debt work together as a vicious circle for many consumers. The report recommended a more holistic approach to addressing financial literacy taking into consideration income and socio-economic background.
- **Migrants and Credit: Transforming Futures.** In partnership with three refugee-connected charities who helped distribute a background survey to their constituents, the Migrant and Credit report explored the financial service-related experiences of new migrants to the UK. The report highlighted the frustration of migrants arriving in the UK - often finding that the financial sector was a barrier rather than an enabler to their goal of supporting their family in their new homeland. The finding that half of migrants had been turned down for credit, but for reasons that were often unclear was particularly striking. However, the report also reflected on the transformational opportunity which well-designed, specialist financial services could provide. This report was widely distributed within the migrant and refugee charity sector.

The last report was also produced with assistance from an intern from the University of Leicester. The first time such an approach has been used by the Fair Credit Charity.

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Achievements and performance (continued)**(continued)**

The success of these reports and the impact of a full-time Charity Executive focused the Trustees to have a full strategy review at their last meeting of 2024. At that meeting, the Trustees agreed to a clearer and more focused direction for the Charity for 2025 and beyond. For the future, the Trustees wanted the Charity to concentrate on influencing the financial, legislative and regulatory landscape - to help create an ethical and responsible lending environment in which financially excluded people can be better served. Trustees agreed that in early 2025, they would create a new set of Aims and Objectives for the Charity to work to. Moreover, the Trustees agreed to reduce the number of 'Objects' and to rewrite the Fair credit Charity's Vision and Mission. The first meeting of 2025 would confirm these changes. Moreover, a permanent (part-time) Executive would also be recruited in Q1 2025.

b. Key performance indicators

The Group has in the period ending 31 December 2024 shown a consolidated net reduction in funds of £65,684 (2023: increase of £218,227). At 31 December 2024, the Group had consolidated reserves of £3,432,380 (2023: £3,498,064). Since inception Fair for You has now supported more than 100,000 families across the UK through loans totalling over £90m.

c. Review of activities

The Charity continues to seek research partners to advance the needs of the demographic that we seek to serve.

The Charity has provided oversight and monitored the governance and development of the subsidiary lending organisation.

The Charity Trustees have ensured that at all time a suitably skilled and engaged board have monitored the risk management, funding strategy and business plan delivery.

The established niche lending business and brand has been expanded and grown throughout 2024, which has been welcomed by the demographic the Charity seeks to serve. The business is actively looking at funding lines with a view to further growth and scale.

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****Achievements and performance (continued)****Financial review****a. Financial review**

The consolidated statement of financial activities set out on page 14 of the financial statements shows how the Group has in the period ending 31 December 2024 shown a consolidated reduction in funds of £65,684 (2023: increase of £218,227). At 31 December 2024, the Group had consolidated reserves of £3,432,380 (2023: £3,498,064). These results include the results of the trading subsidiaries, Fair for You Enterprise CIC, There4U Limited and Fayre4U Limited.

The Charity's wholly owned trading subsidiary, Fair for You Enterprise CIC, made a loss of £99,794 (2023 profit: £30,365), made up of income of £4,008,433 and total expenditure of £4,108,227. The net assets at the year end were £3,385,048 (2023: £3,484,842).

Fair for You Enterprise CIC's subsidiary, There4U Limited, made a profit of £20,891, made up of income of £94,337 and total expenditure of £73,446. The net assets at the year end were £20,892. There4U Limited was incorporated on 27 December 2023 and commenced trading on 1 November 2024.

Fair for You Enterprise CIC's subsidiary, Fayre4U Limited, made a profit of £14,539, made up of income of £49,861 and total expenditure of £35,322. The net assets at the year end were £14,540. Fayre4U Limited was incorporated on 27 December 2023 and commenced trading on 1 October 2024.

The consolidated statement of financial position set out on page 15 of the financial statements shows the financial position of the group at 31 December 2024.

Fixed assets of £1,094,876 (2023: £859,596) are represented by tangible assets of £Nil (2023: £12,555) and developed software of £1,094,876 (2023: £847,041).

Current assets are represented by debtors of £7,896,974 (2023: £9,508,241) and cash at bank and in hand of £3,537,062 (2023: £2,031,448). After deducting current liabilities of £1,739,254 (2023: £4,471,342), the net current assets amount to £9,694,782 (2023: £7,068,347).

Creditors falling due after more than one year comprises bank loans of £190,000 (2023: £Nil) and other loans of £7,167,278 (2023: £4,429,879).

The resulting net assets amount to £3,432,380 (2023: £3,498,064) which represents the Group's unrestricted funds.

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

b. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Fair Credit Charity is solely reliant on the performance of its wholly owned subsidiaries and their performance determines the viability of the Charity.

During the year ended 31 December 2024, Fair for You Enterprise CIC delivered a net loss of £99,794 (2023: profit of £30,365). At the year end, it had net assets of £3,385,048 (2023: £3,484,842) and net current assets of £7,247,448 (2023: £7,055,123). There was one covenant breach in 2024 for which Fair for You Enterprise CIC received a full waiver. There have been no breaches since the year end.

The Trustees have reviewed the budgets and cash flow forecasts for the Group for a period of at least 12 months from approval of the financial statements.

Within these forecasts are a set of assumptions around the timing of expected contractual debt repayments, totalling £179,160, which are due to be repaid within the next 12 months, as well as the timing of inflows from further funding expected to be obtained.

Fair for You Enterprise CIC has a healthy investment pipeline and conversion of two of these investment deals totalling £17.3m was completed during the year. Fair for You Enterprise CIC anticipates utilisation of these facilities for product specific lending book growth through SPV structures. The new SPVs became fully operational during Q4 2024.

Post year end, Fair for You Enterprise CIC has not raised any bonds or completed any further investment deals. All covenant requirements have been met.

The Trustees are therefore of the opinion that the group will continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

c. Material investments policy

The Charity has invested in its wholly owned subsidiary, Fair for You Enterprise CIC, without return or short term expectation of return.

The investment may see a future return to the Charity once the business is fully established and sustainable. At this time, only costs are being covered by the subsidiary and no return for the investment is sought.

The Trustees believe considerable value is being created in the brand and development of a unique lending organisation that addresses the needs of its customers.

In the long term, when it is a viable mainstream competitor to high cost credit, we will establish a suitable mechanism for a return that will allow the charity to extend its mission.

FAIR CREDIT CHARITY LTD

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Structure, governance and management

a. Constitution

The Charity and the Group is constituted under a Trust deed and is a registered charity, under charity number 1161809 (England and Wales) & SC046556 (Scotland).

b. Methods of appointment or election of Trustees

Trustees are appointed for a term of 3 years. Previously, the Trustees were appointed for 2 to 4 years in order to facilitate an orderly succession from year 2. Trustees are expected to complete suitable training and induction.

A new Trustee joined the board at the start of 2024 in preparation for one of the longer-standing Trustees reaching maximum tenure later in the year and standing-down from the board. Preparations also commenced in-year for more substantive Trustee movements for 2025 with the appointment of a new Vice Chair and, at the end of 2025, the preparation of advertisements for two new Trustees for appointment in mid-2025 to replace two further Trustees also reaching maximum tenure (one of whom is the current Chair of the Charity). The Trustees voted unanimously at their August 2024 meeting for the new Vice Chair to take over as Chair of the Charity on the departure of the incumbent in September 2025.

c. Organisational structure and decision-making policies

The Charity has a Trustee board which meets every three months and the Trustees confirm that the interests of the charity are paramount to their decisions taken. The board has established 2 committees as follows:

1. Fundraising and Communications committee: to ensure the Charity has sufficient funding to carry out its work and objectives;
2. Oversight and Risk committee: to review and monitor the risks to the Charity including those of the subsidiary, Fair for You Enterprise CIC.

d. Financial risk management

The Trustees have assessed the major risks to which the Group and the Charity are exposed, in particular those related to the operations and finances of the Group and the Charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

The Charity is currently actively seeking research partners to advance the needs of the lower income households we serve; likely activities at this time are predominantly further social impact reporting.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

FAIR CREDIT CHARITY LTD

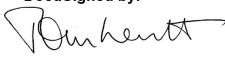
(A company limited by guarantee)

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Auditor

The auditor, Blick Rothenberg Audit LLP, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

DocuSigned by:

C474DAA1A6A542D...

T Levitt
Trustee

Date: 25-Jul-25 | 16:00 BST

FAIR CREDIT CHARITY LTD

(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic report and the 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD****FOR THE YEAR ENDED 31 DECEMBER 2024**

Opinion

We have audited the financial statements of Fair Credit Charity Ltd (the 'Charity') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the consolidated statement of financial activities, the consolidated statement of financial position, the Charity statement of financial position, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. 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 group's and of the parent charitable company's affairs as at 31 December 2024 and of the group's incoming resources and application of resources, including 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 and Charities Act 2011.

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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. 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.

Opinion 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.
- the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the not-for-profit and financial credit sectors;
- 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 company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- 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 a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 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 the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenue and Customs and the Charity Commission.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

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 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

A55DB73BE5414B0...

Mark Hart FCA (senior statutory auditor)

for and on behalf of
Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 28-Jul-25 | 23:41 BST

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Income from:				
Donations	4	-	-	183,163
Charitable activities	5	-	-	5,000
Other trading activities	6	3,708,043	3,708,043	4,454,356
Other income	7	376,414	376,414	202,095
Total income		4,084,457	4,084,457	4,844,614
Expenditure on:				
Raising funds for trading activities	8	4,147,621	4,147,621	4,623,686
Charitable activities	9	2,520	2,520	2,701
Total expenditure		4,150,141	4,150,141	4,626,387
Net movement in funds		(65,684)	(65,684)	218,227
Reconciliation of funds:	19			
Total funds brought forward		3,498,064	3,498,064	3,279,837
Net movement in funds		(65,684)	(65,684)	218,227
Total funds carried forward		3,432,380	3,432,380	3,498,064

The consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 19 to 37 form part of these financial statements.

REGISTERED NUMBER: 08991099

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £	2023 £
Fixed assets			
Intangible fixed assets	14	1,094,876	847,041
Tangible assets	15	-	12,555
		<u>1,094,876</u>	<u>859,596</u>
Current assets			
Debtors	16	7,896,974	9,508,241
Cash at bank and in hand		3,537,062	2,031,448
		<u>11,434,036</u>	<u>11,539,689</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(1,739,254)	(4,471,342)
Net current assets		<u>9,694,782</u>	<u>7,068,347</u>
Total assets less current liabilities		<u>10,789,658</u>	<u>7,927,943</u>
Creditors: amounts falling due after more than one year	18	(7,357,278)	(4,429,879)
Total net assets		<u><u>3,432,380</u></u>	<u><u>3,498,064</u></u>
Group funds			
Restricted funds	19	-	-
Unrestricted funds	19	3,432,380	3,498,064
Total funds		<u><u>3,432,380</u></u>	<u><u>3,498,064</u></u>

FAIR CREDIT CHARITY LTD

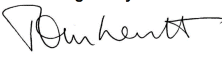
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

DocuSigned by:

C474DAA1A6A542D...

T Levitt
Trustee

Date: 25-Jul-25 | 16:00 BST

The notes on pages 19 to 37 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
CHARITY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

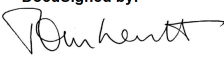
	Note	2024 £	2023 £
Current assets			
Debtors	16	9,623	8,423
Cash at bank and in hand		14,928	14,928
		<u>24,551</u>	<u>23,351</u>
Creditors: amounts falling due within one year	17	(12,649)	(10,129)
Net current assets		<u>11,902</u>	<u>13,222</u>
Total net assets		<u><u>11,902</u></u>	<u><u>13,222</u></u>
Charity funds			
Unrestricted funds		11,902	13,222
Restricted funds		-	-
Total funds		<u><u>11,902</u></u>	<u><u>13,222</u></u>

The Charity's net movement in funds for the year was a deficit of £1,320 (2023 - surplus of £4,699).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

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T Levitt
Trustee

Date: 25-Jul-25 | 16:00 BST

The notes on pages 19 to 37 form part of these financial statements.

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	21	2,315,572	1,088,245
Cash flows from investing activities			
Interest paid		(693,810)	(710,641)
Purchase of tangible fixed assets		(1,873)	(1,669)
Purchase of intangible assets		(579,693)	(585,722)
Net cash used in investing activities		(1,275,376)	(1,298,032)
Cash flows from financing activities			
Movement in borrowings		465,418	1,163,987
Net cash provided by financing activities		465,418	1,163,987
Change in cash and cash equivalents in the year		1,505,614	954,200
Cash and cash equivalents at the beginning of the year		2,031,448	1,077,248
Cash and cash equivalents at the end of the year	22	3,537,062	2,031,448

The notes on pages 19 to 37 form part of these financial statements

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

Fair Credit Charity Ltd is a registered charitable company limited by guarantee incorporated in England and Wales. The registered office is Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, CV5 9RG.

The members of the Charity are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

The financial statements are prepared in Sterling (£), which is the functional currency of the Association. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair Credit Charity Ltd 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.

The consolidated statement of financial activities (SOFA) and consolidated statement of financial position consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements. The net movement in funds for the year dealt with in the accounts of the Charity was a deficit of £1,320 (2023: surplus of £4,699).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.2 Going concern

Fair Credit Charity is solely reliant on the performance of its wholly owned subsidiaries and their performance determines the viability of the Charity.

During the year ended 31 December 2024, Fair for You Enterprise CIC delivered a net loss of £99,794 (2023: profit of £30,365). At the year end, it had net assets of £3,385,048 (2023: £3,484,842) and net current assets of £7,247,448 (2023: £7,055,123). There was one covenant breach in 2024 for which Fair for You Enterprise CIC received a full waiver. There have been no breaches since the year end.

The Trustees have reviewed the budgets and cash flow forecasts for the Group for a period of at least 12 months from approval of the financial statements.

Within these forecasts are a set of assumptions around the timing of expected contractual debt repayments, totalling £179,160, which are due to be repaid within the next 12 months, as well as the timing of inflows from further funding expected to be obtained.

Fair for You Enterprise CIC has a healthy investment pipeline and conversion of two of these investment deals totalling £17.3m was completed during the year. Fair for You Enterprise CIC anticipates utilisation of these facilities for product specific lending book growth through SPV structures. The new SPVs became fully operational during Q4 2024.

Post year end, Fair for You Enterprise CIC has not raised any bonds or completed any further investment deals. All covenant requirements have been met.

The Trustees are therefore of the opinion that the group will continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

2.3 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 income receivable can be measured reliably.

Loan interest receivable on loans to clients is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Commissions receivable arise in connection with a specific transaction and income relating to individual transactions is recognised when the transaction is completed.

Grants are included in the consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities. All expenditure is accounted for on an accruals basis.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Intangible assets and amortisation

The Group does not employ a specific capitalisation policy in relation to intangible assets. Intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Development costs represent the development of the original website and infrastructure, and development of bespoke lending systems.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Development expenditure	-	2-5 years straight line
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FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation

The Group does not employ a specific capitalisation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

Loans to borrowers are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to borrowers and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid.

At each balance sheet date the Group assesses if there is objective evidence that any of its loans are impaired. Additionally, if during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

2.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Group anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

2.11 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Group would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

2.13 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following areas include some significant judgements:

Going concern basis

Refer to Note 2.2 for the significant judgements made in management's assessment of going concern.

Development expenditure

Development is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Loan provisioning

Debtor balances which are more than 120 days overdue are fully provided for. This estimate is reviewed on an annual basis based on an analysis of historic loan repayments.

4. Income from donations and legacies

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Other income	-	-	183,163

Other income included within donations and legacies represents drawdowns made on the convertible bond held by the Company, with the net income being represented by the equity element of the drawdown less the liability element.

5. Income from charitable activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Grant income	-	-	5,000

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

6. Income from other trading activities
Income from non charitable trading activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Commissions receivable	1,114,989	1,114,989	1,440,962
interest income	2,593,054	2,593,054	3,013,394
	<u>3,708,043</u>	<u>3,708,043</u>	<u>4,454,356</u>

7. Other incoming resources

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Other operating income	<u>376,414</u>	<u>376,414</u>	<u>202,095</u>
Total 2023	<u>202,095</u>	<u>202,095</u>	

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Expenditure on raising funds

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Other trading expenses			
Trading expenses	1,307,175	1,307,175	1,983,180
Staff costs	1,011,525	1,011,525	955,431
Depreciation and amortisation	346,286	346,286	320,932
Marketing	221,507	221,507	234,401
Administrative expenses	567,318	567,318	419,101
Interest payable	693,810	693,810	710,641
Total 2024	<u>4,147,621</u>	<u>4,147,621</u>	<u>4,623,686</u>
Total 2023	<u>4,623,686</u>	<u>4,623,686</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2024 £	Total 2024 £	Total 2023 £
Support costs	<u>2,520</u>	<u>2,520</u>	<u>2,701</u>

10. Analysis of expenditure by activities

	Support costs 2024 £	Total funds 2024 £	Total funds 2023 £
Support costs	<u>2,520</u>	<u>2,520</u>	<u>2,701</u>

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Auditor's remuneration

	2024 £	2023 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	14,000	27,800
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	5,850	1,950

12. Staff costs

	Group 2024 £	Group 2023 £
Wages and salaries	779,906	792,583
Social security costs	124,314	99,878
Contribution to defined contribution pension schemes	107,305	62,970
	1,011,525	955,431

The average number of persons employed by the Charity during the year was as follows:

	Group 2024 No.	Group 2023 No.
Employees	22	25

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2024 No.	Group 2023 No.
In the band £80,001 - £90,000	1	-
In the band £100,001 - £150,000	1	1

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2023 - £Nil).

During the year ended 31 December 2024, no Trustee expenses have been incurred (2023 - £Nil).

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

14. Intangible assets

Group

**Develop-
ment
£**

Cost

At 1 January 2024	1,555,957
Additions	579,693
At 31 December 2024	2,135,650

Amortisation

At 1 January 2024	708,916
Charge for the year	331,858
At 31 December 2024	1,040,774

Net book value

At 31 December 2024	1,094,876
At 31 December 2023	847,041

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

15. Tangible fixed assets
Group

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2024	70,696	6,103	17,243	94,042
Additions	1,873	-	-	1,873
At 31 December 2024	72,569	6,103	17,243	95,915
Depreciation				
At 1 January 2024	58,141	6,103	17,243	81,487
Charge for the year	14,428	-	-	14,428
At 31 December 2024	72,569	6,103	17,243	95,915
Net book value				
At 31 December 2024	-	-	-	-
At 31 December 2023	12,555	-	-	12,555

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

15. Tangible fixed assets (continued)

Charity

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2024	6,103	17,243	23,346
At 31 December 2024	6,103	17,243	23,346
Depreciation			
At 1 January 2024	6,103	17,243	23,346
At 31 December 2024	6,103	17,243	23,346
Net book value			
At 31 December 2024	-	-	-
At 31 December 2023	-	-	-

16. Debtors

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Due within one year				
Trade debtors	221,618	413,330	-	-
Amounts owed by group undertakings	-	-	9,623	8,423
Other debtors	7,136,813	8,980,739	-	-
Prepayments and accrued income	538,543	114,172	-	-
	7,896,974	9,508,241	9,623	8,423

FAIR CREDIT CHARITY LTD**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****17. Creditors: Amounts falling due within one year**

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Bank loans	600,000	-	-	-
Other loans	116,224	3,178,204	-	-
Trade creditors	344,668	707,355	-	-
Other taxation and social security	31,233	28,573	-	-
Other creditors	-	386	-	-
Accruals and deferred income	647,129	556,824	12,649	10,129
	1,739,254	4,471,342	12,649	10,129

Bank loans are secured by a fixed and floating charge over the assets of the company and bears interest at a rate of SONIA plus 6.5% per annum and the capital is repayable by 14 August 2025.

Other loans are unsecured and bear interest between 3% and 7.9% per annum.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

18. Creditors: Amounts falling due after more than one year

	Group 2024 £	Group 2023 £
Bank loans	190,000	-
Other loans	7,167,278	4,429,879
	<u>7,357,278</u>	<u>4,429,879</u>

Included within the above are amounts falling due as follows:

	Group 2024 £	Group 2023 £
Between one and two years		
Bank loans	190,000	-
Other loans	3,274,008	115,951
	<u>3,274,008</u>	<u>115,951</u>
Between two and five years		
Other loans	2,136,073	2,535,798
	<u>2,136,073</u>	<u>2,535,798</u>
Over five years		
Other loans	1,757,197	1,778,130
	<u>1,757,197</u>	<u>1,778,130</u>

Included within bank loans falling due within 1-2 years is £190,000 that bears interest at a rate of SONIA plus 6.5% per annum and the capital is repayable by November 2026.

Included within other loans is £Nil (2023: £2,792,804) of secured borrowings and the remaining are unsecured and bear interest at between 2% and 7.9% per annum.

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

19. Statement of funds

Statement of funds - current year

	Balance at 1 January 2024 £	Income £	Expenditure £	Balance at 31 December 2024 £
Unrestricted funds				
General Funds - all funds	(1,594,739)	4,084,457	(4,150,141)	(1,660,423)
Other Income	5,092,803	-	-	5,092,803
	<u>3,498,064</u>	<u>4,084,457</u>	<u>(4,150,141)</u>	<u>3,432,380</u>

Statement of funds - prior year

	Balance at 1 January 2023 £	Income £	Expenditure £	Balance at 31 December 2023 £
Unrestricted funds				
General Funds - all funds	(1,629,803)	4,661,451	(4,626,387)	(1,594,739)
Other income	4,909,640	183,163	-	5,092,803
	<u>3,279,837</u>	<u>4,844,614</u>	<u>(4,626,387)</u>	<u>3,498,064</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2024 £	Total funds 2024 £
Intangible fixed assets	1,094,876	1,094,876
Current assets	11,442,229	11,442,229
Creditors due within one year	(1,747,447)	(1,747,447)
Creditors due in more than one year	(7,357,278)	(7,357,278)
Total	<u>3,432,380</u>	<u>3,432,380</u>

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	12,555	12,555
Intangible fixed assets	847,041	847,041
Current assets	11,539,689	11,539,689
Creditors due within one year	(4,471,342)	(4,471,342)
Creditors due in more than one year	(4,429,879)	(4,429,879)
Total	3,498,064	3,498,064

21. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2024 £	Group 2023 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(65,684)	218,227
Adjustments for:		
Amortisation and depreciation	346,286	327,152
Interest paid	693,810	710,641
Decrease/(increase) in debtors	1,611,268	(332,192)
(Decrease)/increase in creditors	(270,108)	164,417
Net cash provided by operating activities	2,315,572	1,088,245

22. Analysis of cash and cash equivalents

	Group 2024 £	Group 2023 £
Cash in hand	3,537,062	2,031,448

FAIR CREDIT CHARITY LTD
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

23. Analysis of changes in net debt

	At 1 January 2024 £	Cash flows £	At 31 December 2024 £
Cash at bank and in hand	2,031,448	1,505,614	3,537,062
Debt due within 1 year	(3,178,204)	2,461,980	(716,224)
Debt due after 1 year	(4,429,879)	(2,927,399)	(7,357,278)
	<u>(5,576,635)</u>	<u>1,040,195</u>	<u>(4,536,440)</u>

24. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable to the Group to the fund and amounted to £82,475 (2023: £71,703). Contributions of £29 (2023: £386) were payable to the fund at the balance sheet date.

25. Operating lease commitments

At 31 December 2024 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2024 £	Group 2023 £
Not later than 1 year	30,000	31,530
Later than 1 year and not later than 5 years	74,712	105,000
	<u>104,712</u>	<u>136,530</u>

The operating lease relates to the building occupied by the group.

26. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Charity in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £NIL for the debts and liabilities contracted before he/she ceases to be a member.

27. Related party transactions

The Charity has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

FAIR CREDIT CHARITY LTD

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28. Controlling party

The Trustees do not consider there to be one sole controlling party.

29. Principal subsidiary

The Fair Credit Charity solely owns Fair For You Enterprise CIC Limited (company number: 09798014) with 100% ownership of ordinary share capital. Fair For You Enterprise CIC Limited is a company registered in the United Kingdom, Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, England, CV5 9RG.

Fair For You Enterprise CIC Limited also has two subsidiaries which operate as SPV's. These are There4U Limited (company number: 15371404) and Fayre4U Limited (company number: 15371400) with 100% ownership of ordinary share capital in both entities. There4U Limited and Fayre4U Limited are companies registered in the United Kingdom, Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, England, CV5 9RG.

FAIR CREDIT CHARITY LTD

England & Wales - Charity number 1161809

Accounts

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2023

Trustees	J Bonehill A Dodds J Fleming T Levitt R Maverick L Melvin J Moore H Talbot-Tomlinson (appointed 1 May 2024)
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Company registered number	08991099
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Charity registered number and Scottish Charity registered number	1161809 & SC046556
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Registered office	Unit 8 Elm Court Meriden Business Park Copse Drive Coventry CV5 9RG
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Company secretary	C Bennett
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Chief executive officer	S Dukes
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Independent auditors	Bishop Fleming LLP Chartered Accountants 1-3 College Yard Worcester WR1 2LB
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees present their Annual report together with the audited financial statements of the company for the 1 January 2023 to 31 December 2023. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 has been omitted.

The company and the group is constituted under a Trust deed and is a registered charity, under charity number 1161809 (England and Wales) & SC046556 (Scotland).

Originally called Fair for You Limited, in 2022 the Charity made the decision to change its name to The Fair Credit Charity to reduce confusion with its CIC. The Charity has continued to provide oversight and monitoring of the governance and development of its subsidiary lending organisation, Fair for You Enterprise CIC. Furthermore, the Charity continues to seek to influence how the financial sector lends to lower-income individuals as well as lobbying for greater recognition of the impacts of high-interest and predatory lending and the poverty premium.

The Fair Credit Charity is the sole member of Fair for You Enterprise CIC; a Community Interest Company which provides loans to families with low financial resilience. The Fair Credit Charity's balance sheet includes Fair for You Enterprise CIC's lending activities. The lending activities of the CIC are financed by external investors. Such investment may take the format of equity and/or debt. For a detailed breakdown of the Fair Credit Charity's financial performance, excluding the business activities of the CIC, please refer to the Fair Credit Charity statement of financial activities.

Objectives and activities

a. Policies and objectives

The principal objects of Fair Credit Charity Ltd (the Charity) are for the public benefit to:

1. Advance education in relation to money and debt management;
2. Relieve financial hardship and distress; and
3. Prevent and relieve poverty.

Including without limitation through the advancement, provision and facilitation of affordable sources of credit and other financial services to individuals in low income households, with a view to enabling such persons to rent and/or own basic goods for the home and other everyday purposes with a view to preventing such persons from falling prey to unscrupulous or usurious providers of credit.

b. Strategies for achieving objectives

The Trustees believe that credit specifically aimed at lower income households needs to be highly visible, highly flexible, with a holistic and supportive service delivered with a high level of care.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Objectives and activities (CONTINUED)

c. Activities undertaken to achieve objectives

The Charity established a not for profit subsidiary, Fair for You Enterprise CIC (the CIC), which commenced trading in late 2015. The subsidiary's objective is to deliver the lending solution that meets the modern borrowing needs identified by the Charity.

The Charity is committed to quality and informed, independent social impact reporting on the effects of high cost credit on low income households.

We are committed to campaign and work with others on broader issues of poverty and the need to make the lending environment fairer to people on low incomes.

Achievements and performance

a. Main achievements of the Charity

With three new Trustees joining the Charity Board in December 2022, this year was the first full 12 month period with new voices around the table. Their arrival has been an opportunity to identify and pursue an area of focus for 2023 using their expertise.

As a result, the principal activities of the charity in 2023 have been around thought leadership in banking for the financially excluded and participation in . Led by Finance Innovation Lab, this calls for a Fair Banking Act, under which banks would be rated in relation to their commitments and action to reduce financial exclusion. It would also encourage the sector to work with community lenders, such as Fair for You.

Articles sponsored by the charity and its Trustees, expressing its support for the campaign, appeared in LabourList and The Banker, the charity's name and logo appeared on a number of campaign materials, and the charity's chief executive attended a campaign event in parliament.

Elsewhere this was a year of reviewing and enhancing the charity's communications and making preparations for being more vocal and prominent in 2024 (and beyond). This included establishing for the first time a presence on both LinkedIn and X (formerly Twitter), as well as making initial improvements to its website. In addition, research was conducted among a group of customers who used Fair for You's services during its first year of operation; they were asked how the financial situation has evolved or changed in the years since, as a result of using Fair for You. This will be used in a whitepaper to be published in 2024.

Based on the progress in 2023, and in order to make a gear change in activity in 2024, the Charity decided to use its reserves to recruit a Charity-specific administrator in early 2024 and to bring on board new Trustees to help with continuity given planned retirements in 2024 and 2025.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Achievements and performance (CONTINUED)

b. Key performance indicators

The Group has in the period ending 31 December 2023 showed a consolidated movement in funds of £218,227 (2022: £1,309,932). At 31 December 2023, the Group had consolidated reserves of £3,498,064 (2022: £3,279,837).

These results include the results of the trading subsidiary, Fair for You Enterprise CIC. Since inception, Fair for You Enterprise CIC has supported more than 83,000 families across the UK through loans totalling over £80m.

The performance and position of the Group includes the income, assets and liabilities of Fair for You Enterprise CIC. For a detailed breakdown of the Fair Credit Charity's financial performance, excluding the business activities of the CIC, please refer to the Fair Credit Charity statement of financial activities.

c. Review of activities

The Charity continues to seek research partners to advance the needs of the demographic that we seek to serve.

The Charity has provided oversight and monitored the governance and development of the subsidiary lending organisation.

The Charity Trustees have ensured that at all time a suitably skilled and engaged board have been in evidence and monitored the risk management, funding strategy and business plan delivery.

The established niche lending business and brand has been expanded and grown throughout 2022, which has been welcomed by the demographic the Charity seeks to serve. The business is actively looking at funding lines with a view to further growth and scale.

d. Investment policy and performance

The investment in Fair For You Enterprise CIC may see a future return to the Charity once the business is fully established and sustainable. That time may now be imminent. At this time, only costs are being covered by the subsidiary and no return for the investment is sought.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Fair Credit Charity is solely reliant on the performance of its wholly owned subsidiary Fair For You Enterprise CIC.

During the year ended 31 December 2023, Fair For You Enterprise CIC delivered a net profit of £30,365 (2022: loss of £2,505). At the year end, it had net assets of £3,484,842 (2022: £3,271,314) and net current assets of £7,055,123 (2022: £8,866,042).

The Trustees have reviewed the budgets and cash flow forecasts of Fair For You Enterprise CIC for a period of at least 12 months from approval of the financial statements.

Within these forecasts are a set of assumptions around the timing of expected debt repayments, totalling £3m, which are due to be repaid within the next 12 months, as well as the timing of inflows from further funding expected to be obtained. (£0.8m of this debt has been repaid in June 2024 and £0.4m has been repaid in July 2024.)

Fair For You Enterprise CIC has a healthy investment pipeline and conversion of two of these investment deals totalling £12m is anticipated to be completed during FY24. Fair For You Enterprise CIC anticipates delivery of these deals for product specific lending book growth through SPV structures, for the purposes of which, it incorporated two wholly owned subsidiaries in December 2023. This allows considerable additional lending to be completed without impacting CIC specific cashflow.

As the active investment deals have not yet been closed, the Directors of the CIC have reviewed an alternative scenario where debt repayments are due but delays are seen in incoming funding deals being converted to beyond FY25. In such a scenario, the Directors are able to manage cash effectively through reductions in new customer acquisition, amendments to credit risk appetite, reductions in discretionary spend and deployment of additional staff resource onto collections activities.

Post year end, Fair For You Enterprise CIC has completed a successful bond raise of £650k and has delivered a YTD trading result of a loss of £26,300 in H1 2024.

A loan covenant was breached post year end in June 2024, however the lender has continued to show its support and waivers have been obtained.

The Trustees are therefore of the opinion that the group will continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

b. Material investments policy

The Charity has invested in its wholly owned subsidiary without return or short term expectation of return.

The Trustees believe considerable value is being created in the brand and development of a unique lending organisation that addresses the needs of its customers.

In the long term, when it is a viable mainstream competitor to high cost credit, we will establish a suitable mechanism for a return that will allow the charity to extend its mission.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Structure, governance and management

a. Constitution

The Charity and the Group is constituted under a Trust deed and is a registered charity, under charity number 1161809 (England and Wales) & SC046556 (Scotland).

b. Methods of appointment or election of Trustees

Trustees are appointed for a term of 3 years. Previously, the Trustees were appointed for 2 to 4 years in order to facilitate an orderly succession from year 2. Trustees are expected to complete suitable training and induction.

c. Organisational structure and decision-making policies

The Charity has a Trustee Board which meets every three months and the Trustees confirm that the interests of the charity are paramount to their decisions taken. The Board has established 2 committees as follows:

1. Fundraising and Communications committee: to ensure the Charity has sufficient funding to carry out its work and objectives;
2. Oversight and Risk committee: to review and monitor the risks to the Charity including those of the subsidiary, Fair for You Enterprise CIC.

d. Financial risk management

The Trustees have assessed the major risks to which the Charity and the Group are exposed, in particular those related to the operations and finances of the Charity and the Group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

The Charity is currently actively seeking research partners to advance the needs of the lower income households we serve; likely activities at this time are predominantly further social impact reporting.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report and the 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



T Levitt
Trustee

Date: *22 August 2024*

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD

OPINION

We have audited the financial statements of Fair Credit Charity Ltd (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Group's and of the parent charitable company's affairs as at 31 December 2023 and of the Group's incoming resources and application of resources, including 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 Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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 other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charitable company has not kept sufficient accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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 procedures surrounding the identification and assessment of risks of material misstatement in relation to irregularities, including fraud and non-compliance with laws and regulations, included the following:

- considering the nature of the entity and its environment, internal control environment, and business performance;
- considering the results of our enquiries of management about their own identification and assessment of the risk of irregularities;
- obtaining and reviewing, for any matters identified, the Company's documentation of their policies and procedures relating to:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

- the identification, evaluation, and compliance with laws and regulations, and whether management were aware of any instances of non-compliance within the year;
- the detection and response to the risk of fraud, and whether management have knowledge of actual, suspected, or alleged fraud; and
- the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- discussing amongst the audit engagement team, including internal tax specialists, regarding how and where fraud might occur in the financial statements and potential indicators of fraud. As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the completeness of revenue recognition and management override of controls. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to these identified risks.
- obtaining an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, Charities SORP 2019, FRS 102, the terms and conditions attaching to material grants received by the charity and FCA regulations.
- considering provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included data protection regulations, lending regulations, and employment legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud;
- reading minutes of Board meetings throughout the year;
- in addressing the risk of fraud through management override of controls:
 - testing the appropriateness of journal entries and other adjustments;
 - assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
 - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

USE OF OUR REPORT

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *19 September 2024*

Bishop Fleming LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
INCOME FROM:				
Donations	4	183,163	183,163	1,312,557
Charitable activities	5	5,000	5,000	-
Other trading activities	6	4,454,356	4,454,356	4,343,232
Other income	7	202,095	202,095	404,773
TOTAL INCOME		4,844,614	4,844,614	6,060,562
EXPENDITURE ON:				
Raising funds for trading activities	8	4,623,686	4,623,686	4,748,110
Charitable activities	9	2,701	2,701	2,520
TOTAL EXPENDITURE		4,626,387	4,626,387	4,750,630
NET MOVEMENT IN FUNDS		218,227	218,227	1,309,932
RECONCILIATION OF FUNDS:				
Total funds brought forward		3,279,837	3,279,837	1,969,905
Net movement in funds		218,227	218,227	1,309,932
TOTAL FUNDS CARRIED FORWARD		3,498,064	3,498,064	3,279,837

The notes on pages 16 to 31 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
INCOME FROM:			
Charitable activities	5,000	5,000	-
Other income	2,400	2,400	2,400
	7,400	7,400	2,400
TOTAL INCOME:			
EXPENDITURE ON:			
Charitable activities	2,701	2,701	2,520
	2,701	2,701	2,520
TOTAL EXPENDITURE			
	4,699	4,699	(120)
NET MOVEMENT IN FUNDS			
RECONCILIATION OF FUNDS:			
Total funds brought forward	8,523	8,523	8,643
Net movement in funds	4,699	4,699	(120)
TOTAL FUNDS CARRIED FORWARD	13,222	13,222	8,523

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2023 £	2022 £	2022 £
FIXED ASSETS					
Intangible assets	14		847,041		574,893
Tangible assets	15		12,555		24,464
			859,596		599,357
CURRENT ASSETS					
Debtors	16	9,508,241		9,176,049	
Cash at bank and in hand		2,031,448		1,077,248	
		11,539,689		10,253,297	
Creditors: amounts falling due within one year	17	(4,471,342)		(1,378,732)	
NET CURRENT ASSETS			7,068,347		8,874,565
TOTAL ASSETS LESS CURRENT LIABILITIES			7,927,943		9,473,922
Creditors: amounts falling due after more than one year	18		(4,429,879)		(6,194,085)
TOTAL NET ASSETS			3,498,064		3,279,837
GROUP FUNDS					
Restricted funds	19		-		-
Unrestricted funds	19		3,498,064		3,279,837
TOTAL FUNDS			3,498,064		3,279,837

The Charity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



T Levitt
Trustee

Date: *22 August 2024*

The notes on pages 16 to 31 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CHARITY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2023 £	2022 £	2022 £
CURRENT ASSETS					
Debtors	16	8,423		6,023	
Cash at bank and in hand		14,928		10,110	
		<u>23,351</u>		<u>16,133</u>	
Creditors: amounts falling due within one year	17	(10,129)		(7,610)	
NET CURRENT ASSETS			13,222		8,523
TOTAL NET ASSETS			13,222		8,523
CHARITY FUNDS					
Restricted funds	19	-		-	
Unrestricted funds	19	13,222		8,523	
TOTAL FUNDS			13,222		8,523

The Charity's net movement in funds for the year was £4,699 (2022 - £(120)).

The Charity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



.....
T Levitt
Trustee

Date: *22 August 2024*

The notes on pages 16 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Fair Credit Charity Ltd is a registered charitable company limited by guarantee incorporated in England and Wales. The registered office is Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, CV5 9RG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair Credit Charity Ltd 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.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

2.2 COMPANY STATUS

The Charity is a charitable company limited by guarantee. The members of the Charity are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

2.3 GOING CONCERN

Fair Credit Charity is solely reliant on the performance of its wholly owned subsidiary Fair For You Enterprise CIC.

During the year ended 31 December 2023, Fair For You Enterprise CIC delivered a net profit of £30,365 (2022: loss of £2,505). At the year end, it had net assets of £3,484,842 (2022: £3,271,314) and net current assets of £7,055,123 (2022: £8,866,042).

The Trustees have reviewed the budgets and cash flow forecasts of Fair For You Enterprise CIC for a period of at least 12 months from approval of the financial statements.

Within these forecasts are a set of assumptions around the timing of expected debt repayments, totalling £3m, which are due to be repaid within the next 12 months, as well as the timing of inflows from further funding expected to be obtained. (£0.8m of this debt has been repaid in June 2024 and £0.4m has been repaid in July 2024.)

Fair For You Enterprise CIC has a healthy investment pipeline and conversion of two of these investment deals totalling £12m is anticipated to be completed during FY24. Fair For You Enterprise CIC anticipates delivery of these deals for product specific lending book growth through SPV structures, for the purposes of which, it incorporated two wholly owned subsidiaries in December 2023. This allows considerable additional lending to be completed without impacting CIC specific cashflow.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN (CONTINUED)

As the active investment deals have not yet been closed, the Directors of the CIC have reviewed an alternative scenario where debt repayments are due but delays are seen in incoming funding deals being converted to beyond FY25. In such a scenario, the Directors are able to manage cash effectively through reductions in new customer acquisition, amendments to credit risk appetite, reductions in discretionary spend and deployment of additional staff resource onto collections activities.

Post year end, Fair For You Enterprise CIC has completed a successful bond raise of £650k and has delivered a YTD trading result of a loss of £26,300 in H1 2024.

A loan covenant was breached post year end in June 2024, however the lender has continued to show its support and waivers have been obtained.

The Trustees are therefore of the opinion that the group will continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

2.4 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 income receivable can be measured reliably.

Loan interest receivable on loans to clients is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Commissions receivable arise in connection with a specific transaction and income relating to individual transactions is recognised when the transaction is completed.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities. All expenditure is accounted for on an accruals basis.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Fair Credit Charity Ltd and all of its subsidiary undertakings ('subsidiaries').

The net movement in funds for the year dealt with in the accounts of the Charity was a profit of £4,699 (2022: loss of £120).

2.7 INTANGIBLE ASSETS AND AMORTISATION

The Group does not employ a specific capitalisation policy in relation to intangible assets. Intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Development costs represent the development of the original website and infrastructure, and development of bespoke lending systems.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Development expenditure	-	2-5 years straight line
-------------------------	---	-------------------------

2.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

The Group does not employ a specific capitalisation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

2.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

Loans to borrowers are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to borrowers and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid.

At each balance sheet date the Group assesses if there is objective evidence that any of its loans are impaired. Additionally, if during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Group anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

2.13 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.14 PENSIONS

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.15 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following areas include some significant judgements:

Going concern basis

Refer to Note 2.3 for the significant judgements made in management's assessment of going concern.

Development expenditure

Development is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Loan provisioning

Debtor balances which are more than 120 days overdue are fully provided for. This estimate is reviewed on an annual basis based on an analysis of historic loan repayments.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Other income	183,163	183,163	1,312,557

Other income included within donations and legacies represents drawdowns made on the convertible bond held by the Company, with the net income being represented by the equity element of the drawdown less the liability element.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Grant income	5,000	5,000	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from non charitable trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Sales	1,440,962	1,440,962	1,401,765
Interest income	3,013,394	3,013,394	2,941,467
	<u>4,454,356</u>	<u>4,454,356</u>	<u>4,343,232</u>

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Other operating income	202,095	202,095	404,773
	<u>202,095</u>	<u>202,095</u>	<u>404,773</u>

8. EXPENDITURE ON RAISING FUNDS

OTHER TRADING EXPENSES

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Trading expenses	1,983,180	1,983,180	2,106,680
Staff costs	955,431	955,431	1,078,083
Depreciation and amortisation	320,932	320,932	217,002
Marketing	234,401	234,401	479,792
Administration expenses	419,101	419,101	363,564
Interest payable	710,641	710,641	502,989
	<u>4,623,686</u>	<u>4,623,686</u>	<u>4,748,110</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2023 £	Total 2023 £	Total 2022 £
Support costs	2,701	2,701	2,520

Summary by expenditure type

	Other costs 2023 £	Total 2023 £	Total 2022 £
Support costs	2,701	2,701	2,520
TOTAL 2022	2,520	2,520	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Charitable activities	2,701	2,701	2,520
TOTAL 2022	2,520	2,520	

ANALYSIS OF SUPPORT COSTS

	Total funds 2023 £	Total funds 2022 £
Audit fees	2,701	2,520

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. AUDITORS' REMUNERATION

	2023 £	2022 £
Fees payable to the Charity's auditor for the audit of the Group's annual accounts	27,800	22,750
Fees payable to the Charity's auditor in respect of: All taxation advisory services not included above	1,950	1,815

12. STAFF COSTS

	Group 2023 £	Group 2022 £
Wages and salaries	792,583	889,322
Social security costs	99,878	122,304
Contribution to defined contribution pension schemes	62,970	66,457
	955,431	1,078,083

The average number of persons employed by the Group during the year was as follows:

	Group 2023 No.	Group 2022 No.
Employees	25	29

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2023 No.	Group 2022 No.
In the band £70,001 - £80,000	-	1
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	1	-

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 December 2023, no Trustee expenses have been incurred (2022 - £NIL).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14. INTANGIBLE ASSETS

GROUP

	Development expenditure £
COST	
At 1 January 2023	970,235
Additions	585,722
At 31 December 2023	1,555,957
AMORTISATION	
At 1 January 2023	395,342
Charge for the year	313,574
At 31 December 2023	708,916
NET BOOK VALUE	
At 31 December 2023	847,041
At 31 December 2022	574,893

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15. TANGIBLE FIXED ASSETS

GROUP AND CHARITY

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST OR VALUATION				
At 1 January 2023	69,027	6,103	17,243	92,373
Additions	1,669	-	-	1,669
At 31 December 2023	70,696	6,103	17,243	94,042
DEPRECIATION				
At 1 January 2023	44,563	6,103	17,243	67,909
Charge for the year	13,578	-	-	13,578
At 31 December 2023	58,141	6,103	17,243	81,487
NET BOOK VALUE				
At 31 December 2023	12,555	-	-	12,555
At 31 December 2022	24,464	-	-	24,464

16. DEBTORS

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
DUE WITHIN ONE YEAR				
Trade debtors	413,330	175,703	-	-
Amounts owed by group undertakings	-	-	8,423	6,023
Other debtors	8,980,739	8,862,541	-	-
Prepayments and accrued income	114,172	137,805	-	-
	9,508,241	9,176,049	8,423	6,023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Other loans	3,178,204	250,011	-	-
Trade creditors	707,355	570,083	-	-
Other taxation and social security	28,573	33,047	-	-
Other creditors	386	-	-	-
Accruals and deferred income	556,824	525,591	10,129	7,610
	4,471,342	1,378,732	10,129	7,610

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023 £	Group 2022 £
Other loans	4,429,879	6,194,085

Included within the above are amounts falling due as follows:

	Group 2023 £	Group 2022 £
BETWEEN ONE AND TWO YEARS		
Other loans	115,951	3,404,029
BETWEEN TWO AND FIVE YEARS		
Other loans	2,535,798	1,349,696
OVER FIVE YEARS		
Other loans	1,778,130	1,440,360

Included within Other loans is £2,792,804 (2022: £3,144,585) of secured borrowings. Social Growth Fund LLP hold an unlimited debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, and fixed plant and machinery.

The remaining Other loans of £4,815,279 (2022: £3,299,511) are unsecured.

The effective interest rate on secured borrowings (those that are not included within the converted bond) for the year ended 31 December 2023 was 8%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2023 £	Income £	Expenditure £	Balance at 31 December 2023 £
UNRESTRICTED FUNDS				
General Funds - all funds	(1,629,803)	4,661,451	(4,626,387)	(1,594,739)
Other income	4,909,640	183,163	-	5,092,803
	<u>3,279,837</u>	<u>4,844,614</u>	<u>(4,626,387)</u>	<u>3,498,064</u>

Description of funds

General funds - accumulated surplus/deficits from the charitable and trading activities undertaken by the charitable company.

Other income - the brought forward funds represent previous debt held within Fair For You CIC which have been converted into equity by way of a perpetual bond. Under charity SORP 24.25, drawdowns of the perpetual bond have been treated as income in the unrestricted fund, given the purpose of the charitable company and CIC subsidiary are identical.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
UNRESTRICTED FUNDS				
General Funds - all funds	(1,627,178)	4,748,005	(4,750,630)	(1,629,803)
Other income	3,597,083	1,312,557	-	4,909,640
	<u>1,969,905</u>	<u>6,060,562</u>	<u>(4,750,630)</u>	<u>3,279,837</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

20. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2023 £	Income £	Expenditure £	Balance at 31 December 2023 £
General funds	3,279,837	4,844,614	(4,626,387)	3,498,064

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
General funds	1,969,905	6,060,562	(4,750,630)	3,279,837

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	12,555	12,555
Intangible fixed assets	847,041	847,041
Current assets	11,539,689	11,539,689
Creditors due within one year	(4,471,342)	(4,471,342)
Creditors due in more than one year	(4,429,879)	(4,429,879)
TOTAL	3,498,064	3,498,064

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	24,464	24,464
Intangible fixed assets	574,893	574,893
Current assets	10,253,297	10,253,297
Creditors due within one year	(1,378,732)	(1,378,732)
Creditors due in more than one year	(6,194,085)	(6,194,085)
TOTAL	3,279,837	3,279,837

22. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable to the Group to the fund and amounted to £71,703 (2022: £83,972). Contributions of £386 (2022: £397) were payable to the fund at the balance sheet date.

23. OPERATING LEASE COMMITMENTS

At 31 December 2023 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £
Not later than 1 year	31,530	15,780
Later than 1 year and not later than 5 years	105,000	-
	136,530	15,780

The operating lease relates to the building occupied by the Group.

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

25. RELATED PARTY TRANSACTIONS

The charitable company has taken the exemption under FRS 102 Section 33.1A and not discloses any transactions entered into between wholly-owned group companies.

26. CONTROLLING PARTY

The Trustees do not consider there to be one sole controlling party.

27. PRINCIPAL SUBSIDIARY

Fair For You Enterprise CIC

Subsidiary name	Fair For You Enterprise CIC
Company registration number	09798014
Basis of control	The Board of Trustees, as members of Fair For You Enterprise CIC, may, by special resolution direct the Directors of the CIC, to take or refrain from taking specific action.
Total assets as at 31 December 2023	£12,382,979
Total liabilities as at 31 December 2023	£8,898,137
Total equity as at 31 December 2023	£3,484,842
Total income for the year ended 31 December 2023	£4,656,451
Expenditure for the year ended 31 December 2023 (incl tax)	£4,626,086
Profit/(loss) for the year ended 31 December 2023 (after tax)	£30,365

FAIR CREDIT CHARITY LTD

England & Wales - Charity number 1161809

Accounts

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

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FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2022

Trustees	J Bonehill A Claytor (resigned 4 July 2022) A Dodds S Dukes J Fleming (appointed 21 November 2022) T Levitt R Maverick (appointed 9 November 2022) L Melvin J Moore (appointed 9 November 2022)
Company registered number	08991099
Charity registered number and Scottish Charity registered number	1161809 & SC046556
Registered office	Unit 8 Elm Court Meriden Business Park Copse Drive Coventry CV5 9RG
Company secretary	C Bennett
Chief executive officer	S Dukes
Independent auditors	Bishop Fleming LLP Chartered Accountants 1-3 College Yard Worcester WR1 2LB

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Trustees present their Annual report together with the audited financial statements of the Charity for the 1 January 2022 to 31 December 2022. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the Charity qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 has been omitted.

In April 2022 the Charity changed its name and we are delighted to report that The Fair Credit Charity (Charity no. 1161809) is the new name for Fair for You Limited. The Charity was originally set-up in 2015, and at the time was also called Fair for You in line with its subsidiary, the CIC. But as the Charity and the CIC grow, to reduce confusion, it was decided to change the Charity's name and to give it a broader role. In addition to overseeing the activities of the CIC, the charity will also seek to influence how the financial sector lends to lower-income individuals as well as lobbying for greater recognition of the impacts of high-interest and predatory lending and the poverty premium.

We continue to appreciate the support that friends, trustees, board members, staff and investors have given to the charity. During 2023 we will be rebuilding old networks, which have perhaps become deprioritised in the past, not least because of the pandemic, and building new ones. We have natural affinity with other charities, government, local government and housing associations and by working with them we will maximise the potential for growing our impact.

Objectives and activities

a. Policies and objectives

The principal objects of Fair Credit Charity Ltd (the Charity) are for the public benefit to:

1. Advance education in relation to money and debt management;
2. Relieve financial hardship and distress; and
3. Prevent and relieve poverty.

Including without limitation through the advancement, provision and facilitation of affordable sources of credit and other financial services to individuals in low income households, with a view to enabling such persons to rent and/or own basic goods for the home and other everyday purposes with a view to preventing such persons from falling prey to unscrupulous or usurious providers of credit.

b. Strategies for achieving objectives

The Trustees believe that credit specifically aimed at lower income households needs to be highly visible, highly flexible, with a holistic and supportive service delivered with a high level of care.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Objectives and activities (CONTINUED)

c. Activities undertaken to achieve objectives

The Charity established a not for profit subsidiary, Fair for You Enterprise CIC (the CIC), which commenced trading in late 2015. The subsidiary's objective is to deliver the lending solution that meets the modern borrowing needs identified by the Charity.

The Charity is committed to quality and informed, independent social impact reporting on the effects of high cost credit on low income households.

We are committed to campaign and work with others on broader issues of poverty and the need to make the lending environment fairer to people on low incomes.

Achievements and performance

a. Key performance indicators

The Group has in the period ending 31 December 2022 showed a consolidated movement in funds of £1,309,932 (2021: £295,919). At 31 December 2022, the Group had consolidated reserves of £3,279,837 (2021: £1,969,905). These results include the results of the trading subsidiary, Fair for You Enterprise CIC.

b. Review of activities

The Charity continues to seek research partners to advance the needs of the demographic that we seek to serve.

The Charity has provided oversight and monitored the governance and development of the subsidiary lending organisation.

The Charity Trustees have ensured that at all time a suitably skilled and engaged board have been in evidence and monitored the risk management, funding strategy and business plan delivery.

The established niche lending business and brand has been expanded and grown throughout 2022, which has been welcomed by the demographic the Charity seeks to serve. The business is actively looking at funding lines with a view to further growth and scale.

c. Investment policy and performance

The investment in Fair For You Enterprise CIC may see a future return to the Charity once the business is fully established and sustainable. That time may now be imminent. At this time, only costs are being covered by the subsidiary and no return for the investment is sought.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in accounting policy note 2.3.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

b. Material investments policy

The Charity has invested in its wholly owned subsidiary without return or short term expectation of return.

The Trustees believe considerable value is being created in the brand and development of a unique lending organisation that addresses the needs of its customers.

In the long term, when it is a viable mainstream competitor to high cost credit, we will establish a suitable mechanism for a return that will allow the charity to extend its mission.

Structure, governance and management

a. Constitution

The Charity and the Group is constituted under a Trust deed and is a registered charity, under charity number 1161809 (England and Wales) & SC046556 (Scotland).

b. Methods of appointment or election of Trustees

Trustees are appointed for a term of 3 years. Previously, the Trustees were appointed for 2 to 4 years in order to facilitate an orderly succession from year 2. Trustees are expected to complete suitable training and induction.

c. Organisational structure and decision-making policies

The Charity has a Trustee Board which meets every three months and the Trustees confirm that the interests of the charity are paramount to their decisions taken. The Board has established 2 committees as follows:

1. Fundraising and marketing committee: to ensure the Charity has sufficient funding to carry out its work and objectives;
2. Oversight committee: to oversee the subsidiary, Fair for You Enterprise CIC.

d. Financial risk management

The Trustees have assessed the major risks to which the Charity and the Group are exposed, in particular those related to the operations and finances of the Charity and the Group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

The Charity is currently actively seeking research partners to advance the needs of the lower income households we serve; likely activities at this time are predominantly further social impact reporting.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report and the 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

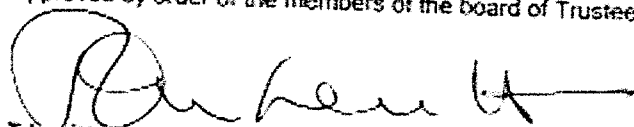
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by.


T Levitt
Trustee

Date:

21.12.23

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD

OPINION

We have audited the financial statements of Fair Credit Charity Ltd (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Group's and of the parent charitable company's affairs as at 31 December 2022 and of the Group's incoming resources and application of resources, including 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 Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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 other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charitable company has not kept sufficient accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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 procedures surrounding the identification and assessment of risks of material misstatement in relation to irregularities, including fraud and non-compliance with laws and regulations, included the following:

- considering the nature of the entity and its environment, internal control environment, and business performance;
- considering the results of our enquiries of management about their own identification and assessment of the risk of irregularities;
- obtaining and reviewing, for any matters identified, the Company's documentation of their policies and procedures relating to:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

- the identification, evaluation, and compliance with laws and regulations, and whether management were aware of any instances of non-compliance within the year;
- the detection and response to the risk of fraud, and whether management have knowledge of actual, suspected, or alleged fraud; and
- the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- discussing amongst the audit engagement team, including internal tax specialists, regarding how and where fraud might occur in the financial statements and potential indicators of fraud. As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the completeness of revenue recognition and management override of controls. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to these identified risks.
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and relevant tax legislation.
- considering provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included data protection regulations, lending regulations, and employment legislation.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud;
- reading minutes of Board meetings throughout the year;
- in addressing the risk of fraud through management override of controls:
 - testing the appropriateness of journal entries and other adjustments;
 - assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
 - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: 21st December 2023

Bishop Fleming LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
INCOME FROM:				
Donations	4	1,312,557	1,312,557	97,083
Charitable activities	5	-	-	1,150
Other trading activities	6	4,343,232	4,343,232	4,360,215
Other income	7	404,773	404,773	536,643
TOTAL INCOME		6,060,562	6,060,562	4,995,091
EXPENDITURE ON:				
Raising funds for trading activities	8	4,748,110	4,748,110	4,696,135
Charitable activities	9	2,520	2,520	3,037
TOTAL EXPENDITURE		4,750,630	4,750,630	4,699,172
NET MOVEMENT IN FUNDS		1,309,932	1,309,932	295,919
RECONCILIATION OF FUNDS:				
Total funds brought forward		1,969,905	1,969,905	1,673,986
Net movement in funds		1,309,932	1,309,932	295,919
TOTAL FUNDS CARRIED FORWARD		3,279,837	3,279,837	1,969,905

The notes on pages 13 to 29 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

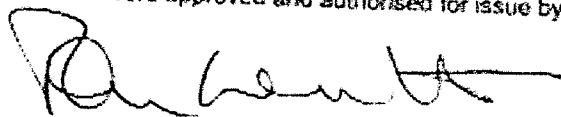
	Note	2022 £	2022 £	2021 £	2021 £
FIXED ASSETS					
Intangible assets	14		574,893		388,567
Tangible assets	15		24,464		37,329
			<u>599,357</u>		<u>425,896</u>
CURRENT ASSETS					
Debtors	16	9,176,049		7,670,187	
Cash at bank and in hand		1,077,248		990,417	
		<u>10,253,297</u>		<u>8,660,604</u>	
Creditors: amounts falling due within one year	17	(1,378,732)		(3,359,638)	
NET CURRENT ASSETS			<u>8,874,565</u>		<u>5,300,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,473,922</u>		<u>5,726,862</u>
Creditors: amounts falling due after more than one year	18		(6,194,085)		(3,756,957)
TOTAL NET ASSETS			<u>3,279,837</u>		<u>1,969,905</u>
GROUP FUNDS					
Restricted funds	19				
Unrestricted funds	19		3,279,837		1,969,905
TOTAL FUNDS			<u>3,279,837</u>		<u>1,969,905</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

T Levitt
Trustee
Date:



21.12.23

The notes on pages 13 to 29 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CHARITY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
CURRENT ASSETS					
Debtors	16	6,023		3,623	
Cash at bank and in hand		10,110		10,110	
		<u>16,133</u>		<u>13,733</u>	
Creditors: amounts falling due within one year	17	(7,610)		(5,090)	
NET CURRENT ASSETS			8,523		8,643
TOTAL NET ASSETS			<u>8,523</u>		<u>8,643</u>
CHARITY FUNDS					
Restricted funds	19				
Unrestricted funds	19		8,523		8,643
TOTAL FUNDS			<u>8,523</u>		<u>8,643</u>

The Charity's net movement in funds for the year was £(120) (2021 - £963).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

T Levitt
Trustee



Date:

21.12.23

The notes on pages 13 to 29 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Fair Credit Charity Ltd is a registered charitable company limited by guarantee incorporated in England and Wales. The registered office is Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, CV5 9RG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair Credit Charity Ltd 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.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 COMPANY STATUS

The Charity is a charitable company limited by guarantee. The members of the Charity are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The Directors have reviewed the budgets and cash flow forecasts for a period of at least 12 months from approval of the financial statements. These cash flow forecasts include all expected debt repayments when they fall due, as well as inflows from further funding expected to be obtained.

During the year ended 31 December 2022, the Group incurred a net loss (exclusive of Donations (see Note 4 for details of this figure)) of £2,625 (2021: profit of £198,836). At the year end, the Group had net assets of £3,279,837 (2021: £1,969,905) and net current assets of £8,874,565 (2021: £5,300,966).

The latest management accounts of Fair For You Enterprise CIC ("the CIC"), the principal subsidiary, prepared to 31 October 2023 show a positive year to date EBITDA of £802,269, which is already ahead of 2022's EBITDA figure of £718,131 with two months remaining in the year. The balance sheet as at 31 October 2023 shows reserves of £3,241,689, with £2,120,551 of cash held. The net customer loan book value as at 31 October 2023 stands at £8,328,000 compared with £7,680,000 at the reporting date.

Since the year end, the Group has drawn down £650,000 of a revolving credit facility provided by one of its existing investors, with monies to be spent on further development and expansion of the Food Club Card product. The Group is also finalising terms on a material revolving credit facility with a commercial lender. In addition, a fundraiser has recently been offered through the Ethex platform, with a publicised minimum target of £500,000. 27% of that target has been raised to date with the fundraising window closing in March 2024. The Directors are confident that this target will be met.

The Directors are of the opinion that the Group will continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements. This opinion is based on the Group's current trading levels and support to date from its principal investors. However, in making this assessment, the Directors have relied on some key assumptions, which include:

1. Ongoing support from Social Investment Scotland (SIS):

- At the balance sheet date, £2,025,000 of funding provided by SIS is due for full capital repayment in July 2024. SIS has confirmed that this repayment date has been extended to January 2025. SIS has also confirmed their intention to open refinancing discussions for these debts in early 2024, in advance of this extended repayment date. Of this funding, £225k has been repaid in 2023.
- During the reporting period and since the year end, covenants placed upon the CIC as part of the funding provided by SIS have been breached. An official waiver of these breaches has been obtained from SIS in each and every instance.
- Since the breaches of covenants, as noted above, an agreement between the CIC and SIS has been put in place to amend the financial covenants in order to support the CIC and guard against future potential breaches.

2. Ongoing support from Big Issue Invest Social Enterprise Investment Fund LLP II L.P. (BII):

- During the reporting period and since the year end, covenants placed upon the CIC as part of the funding provided by BII have been breached. Whilst no waiver has been obtained, an open dialogue has been kept with BII and they are aware of these past breaches.
- Since the breaches of covenants, as noted above, an agreement between the CIC and BII has been put in place to amend the financial covenants in order to support the CIC and guard against future potential breaches.

The Directors are actively monitoring the above matters and are in regular dialogue with the relevant counterparties and funders as the Group's financial position improves.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN (CONTINUED)

The Directors regularly review open risks to the business as part of their board meetings. We see the key risks, and their corresponding mitigations, to be as follows:

- Claims against the business resulting in excessive administrative burden and/or financial pressures. This is mitigated through lobbying with The Consumer Credit Trade Association (CCTA), Responsible Finance (RF) and through improving our relationships with the Financial Ombudsman Service (FOS).
- Withdrawal of investments and/or inability to attract new investment. This is mitigated by holding quarterly meetings with investors (or more frequently if necessary) and circulating monthly board reports to these investors. Investor relations are fostered at the highest level in the organisation, and this is evidenced by their propensity to extend further borrowing to the CIC.
- Inability to effectively collect repayments leading to poor provisioning ratios. This is mitigated through the Eligible Loan Deduction Scheme (ELDS) process which allows the CIC to recover certain debts through the Department for Work and Pensions (DWP). Lending rules can also be tightened on affordability in order to reduce to risk.

The Directors believe that the key risks faced by the Group have been mitigated to an acceptable level, and will continue to be reduced, through the actions noted above.

2.4 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 income receivable can be measured reliably.

Loan interest receivable on loans to clients is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Commissions receivable arise in connection with a specific transaction and income relating to individual transactions is recognised when the transaction is completed.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.5 EXPENDITURE (CONTINUED)

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities. All expenditure is accounted for on an accruals basis.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Fair Credit Charity Ltd and all of its subsidiary undertakings ('subsidiaries').

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The net movement in funds for the year dealt with in the accounts of the Charity was a loss of £120 (2021: profit of £963).

2.7 INTANGIBLE ASSETS AND AMORTISATION

The Group does not employ a specific capitalisation policy in relation to intangible assets. Intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Development costs represent the development of the original website and infrastructure, and development of bespoke lending systems.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Development expenditure	-	20 - 33% straight line
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2.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

The Group does not employ a specific capitalisation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

Loans to borrowers are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to borrowers and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid.

At each balance sheet date the Group assesses if there is objective evidence that any of its loans are impaired. Additionally, if during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

2.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Group anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.13 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.14 PENSIONS

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

2.15 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following areas include some significant judgements:

Going concern basis

Refer to Note 2.3 for the significant judgements made in management's assessment of going concern.

Development expenditure

Development is capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other income	1,312,557	1,312,557	97,083

Other income included within donations and legacies represents drawdowns made on the convertible bond held by the Company, with the net income being represented by the equity element of the drawdown less the liability element.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Grant income	-	-	1,150

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Sales	1,401,765	1,401,765	1,362,400
Interest income	2,941,467	2,941,467	2,997,815
	4,343,232	4,343,232	4,360,215

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Other operating income	404,773	404,773	536,643

8. EXPENDITURE ON RAISING FUNDS

OTHER TRADING EXPENSES

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Trading expenses	2,757,621	2,757,621	2,616,519
Staff costs	1,044,972	1,044,972	1,189,139
Depreciation and amortisation	217,002	217,002	126,831
Marketing	208,198	208,198	324,971
Administration expenses	1,787	1,787	5
Interest payable	501,015	501,015	426,249
Administration staff costs	17,515	17,515	12,421
	4,748,110	4,748,110	4,696,135

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2022 £	Total 2022 £	Total 2021 £
Support costs	2,520	2,520	3,037

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Summary by expenditure type

	Other costs 2022 £	Total 2022 £	Total 2021 £
Support costs	2,520	2,520	3,037
TOTAL 2021	3,037	3,037	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Charitable activities	2,520	2,520	3,037
TOTAL 2021	3,037	3,037	

ANALYSIS OF CHARITABLE ACTIVITIES

	Total funds 2022 £	Total funds 2021 £
Audit fees	2,520	2,520
Insurance	-	470
General costs	-	47
	2,520	3,037

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the Charity's auditor for the audit of the Group's annual accounts	22,750	18,700
Fees payable to the Charity's auditor in respect of: All taxation advisory services not included above	1,815	1,650

12. STAFF COSTS

	Group 2022 £	Group 2021 £
Wages and salaries	856,211	1,002,287
Social security costs	122,304	113,547
Contribution to defined contribution pension schemes	83,972	85,726
	1,062,487	1,201,560

The average number of persons employed by the Charity during the year was as follows:

	Group 2022 No.	Group 2021 No.
Employees	29	36

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2022 No.	Group 2021 No.
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	-	1
In the band £130,001 - £140,000	1	-

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 December 2022, no Trustee expenses have been incurred (2021 - £NIL).

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. INTANGIBLE ASSETS

GROUP

	Development expenditure £
COST	
At 1 January 2022	583,935
Additions	386,300
At 31 December 2022	<u>970,235</u>
AMORTISATION	
At 1 January 2022	195,368
Charge for the year	199,974
At 31 December 2022	<u>395,342</u>
NET BOOK VALUE	
At 31 December 2022	<u><u>574,893</u></u>
At 31 December 2021	<u><u>388,567</u></u>

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. TANGIBLE FIXED ASSETS

GROUP

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST OR VALUATION				
At 1 January 2022	64,864	6,103	17,243	88,210
Additions	4,163	-	-	4,163
At 31 December 2022	69,027	6,103	17,243	92,373
DEPRECIATION				
At 1 January 2022	27,535	6,103	17,243	50,881
Charge for the year	17,028	-	-	17,028
At 31 December 2022	44,563	6,103	17,243	67,909
NET BOOK VALUE				
At 31 December 2022	24,464	-	-	24,464
At 31 December 2021	37,329	-	-	37,329

16. DEBTORS

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
DUE WITHIN ONE YEAR				
Trade debtors	175,703	250,279	-	-
Amounts owed by group undertakings	-	-	6,023	3,623
Other debtors	8,862,541	7,331,752	-	-
Prepayments and accrued income	137,805	88,156	-	-
	9,176,049	7,670,187	6,023	3,623

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Other loans	250,011	1,745,960	-	-
Trade creditors	570,083	708,307	-	-
Other taxation and social security	33,047	136,994	-	-
Accruals and deferred income	525,591	768,377	7,610	5,090
	<u>1,378,732</u>	<u>3,359,638</u>	<u>7,610</u>	<u>5,090</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2022 £	Group 2021 £
Other loans	<u>6,194,085</u>	<u>3,756,957</u>

Included within the above are amounts falling due as follows:

	Group 2022 £	Group As restated 2021 £
BETWEEN ONE AND TWO YEARS		
Other loans	<u>3,404,029</u>	<u>2,504,040</u>
BETWEEN TWO AND FIVE YEARS		
Other loans	<u>1,349,696</u>	<u>-</u>
OVER FIVE YEARS		
Other loans	<u>1,440,360</u>	<u>1,252,917</u>

Included within Other loans is £3,144,585 (2021: £3,469,583) of secured borrowings. Social Growth Fund LLP hold an unlimited debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, and fixed plant and machinery.

The remaining Other loans of £3,299,511 (2021: £2,033,334) are unsecured.

The effective interest rate on secured borrowings (those that are not included within the converted bond) for the year ended 31 December 2022 was 8%.

The prior year's balances have been restated to ensure the accuracy of the ageing of Other loans, given that certain balances are not repayable until after five years.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
UNRESTRICTED FUNDS				
General Funds - all funds	(1,627,178)	4,748,005	(4,750,630)	(1,629,803)
Other income	3,597,083	1,312,557	-	4,909,640
	<u>1,969,905</u>	<u>6,060,562</u>	<u>(4,750,630)</u>	<u>3,279,837</u>

Description of funds

General funds - accumulated surplus/deficits from the charitable and trading activities undertaken by the charitable company.

Other income - the brought forward funds represent previous debt held within Fair For You CIC which have been converted into equity by way of a perpetual bond. Under charity SORP 24.25, drawdowns of the perpetual bond have been treated as income in the unrestricted fund, given the purpose of the charitable company and CIC subsidiary are identical.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2019 (as restated) £	Income £	Expenditure £	Balance at 31 December 2021 £
UNRESTRICTED FUNDS				
General Funds - all funds	(1,826,014)	4,898,008	(4,699,172)	(1,627,178)
Other income	3,500,000	97,083	-	3,597,083
	<u>1,673,986</u>	<u>4,995,091</u>	<u>(4,699,172)</u>	<u>1,969,905</u>

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
General funds	<u>1,969,905</u>	<u>6,060,562</u>	<u>(4,750,630)</u>	<u>3,279,837</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
General funds	<u>1,673,986</u>	<u>4,995,091</u>	<u>(4,699,172)</u>	<u>1,969,905</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	24,464	24,464
Intangible fixed assets	574,893	574,893
Current assets	10,253,297	10,253,297
Creditors due within one year	(1,378,732)	(1,378,732)
Creditors due in more than one year	(6,194,085)	(6,194,085)
TOTAL	<u>3,279,837</u>	<u>3,279,837</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	37,329	37,329
Intangible fixed assets	388,567	388,567
Current assets	8,660,604	8,660,604
Creditors due within one year	(3,359,638)	(3,359,638)
Creditors due in more than one year	(3,756,957)	(3,756,957)
TOTAL	1,969,905	1,969,905

22. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable to the Group to the fund and amounted to £83,972 (2021: £85,726). Contributions of £397 (2021: £(470)) were payable to the fund at the balance sheet date.

23. OPERATING LEASE COMMITMENTS

At 31 December 2022 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	15,780	30,030
Later than 1 year and not later than 5 years	-	14,250
	15,780	44,280

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

25. RELATED PARTY TRANSACTIONS

The charitable company has taken the exemption under FRS 102 Section 33.1A and not discloses any transactions entered into between wholly-owned group companies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

26. CONTROLLING PARTY

The Trustees do not consider there to be one sole controlling party.

27. PRINCIPAL SUBSIDIARY

Fair For You Enterprise CIC

Subsidiary name	Fair For You Enterprise CIC
Company registration number	09798014
Basis of control	The Board of Trustees, as members of Fair For You Enterprise CIC, may, by special resolution direct the Directors of the CIC, to take or refrain from taking specific action.
Total assets as at 31 December 2022	£10,842,544
Total liabilities as at 31 December 2022	£7,571,230
Total equity as at 31 December 2022	£3,271,314
Total income for the year ended 31 December 2022	£4,343,232
Expenditure for the year ended 31 December 2022 (incl tax)	£4,750,510
Profit/(loss) for the year ended 31 December 2022 (after tax)	£(2,505)

FAIR CREDIT CHARITY LTD

England & Wales - Charity number 1161809

Accounts

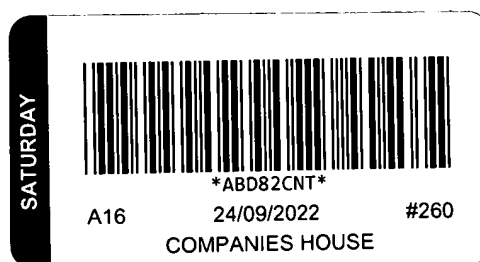
Registered number: 08991099
Charity number: 1161809 & SC046556

FAIR CREDIT CHARITY LTD
(FORMERLY KNOWN AS FAIR FOR YOU LIMITED)

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



 **Bishop Fleming**

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

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**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Trustees	J Bonehill (appointed 1 January 2021) A Claytor (resigned 4 July 2022) A Dodds S Dukes (appointed 1 October 2021) T Levitt L Melvin
Company registered number	08991099
Charity registered number and Scottish Charity registered number	1161809 & SC046556
Registered office	Unit 8 Elm Court Meriden Business Park Copse Drive Coventry CV5 9RG
Company secretary	C Bennett
Chief executive officer	S Dukes (appointed 1 October 2021)
Independent auditors	Bishop Fleming LLP Chartered Accountants 1-3 College Yard Worcester WR1 2LB

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Trustees present their Annual report together with the audited financial statements of the Charity for the 1 January 2021 to 31 December 2021. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the Charity qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 has been omitted.

During 2021 the Charity made the decision to change its name and we are delighted to report that The Fair Credit Charity (Charity no. 1161809) is the new name for Fair for You Limited. The Charity was originally set-up in 2015, and at the time was also called Fair for You in line with its subsidiary, the CIC. But as the Charity and the CIC grow, to reduce confusion, it has now been decided to change the Charity's name and to give it a broader role. In addition to overseeing the activities of the CIC, the charity will also seek to influence how the financial sector lends to lower-income individuals as well as lobbying for greater recognition of the impacts of high-interest and predatory lending and the poverty premium.

The change coincides with another milestone in our history with the appointment of Simon Dukes as Chief Executive of both the Charity and the CIC. Simon was appointed with the explicit brief of leading both arms of the organisation and we look forward to the coming year accordingly.

During 2021 we welcomed Jill Bonehill as a fifth member of the charity board of trustees. We amended our constitution to allow board members to serve a third term and two board members subsequently chose to avail themselves of the opportunity, which was welcome.

We continue to appreciate the support that friends, trustees, board members, staff and investors have given to the charity. During 2021 we will be rebuilding old networks, which have perhaps become deprioritised in the past, not least because of the pandemic, and building new ones. We have natural affinity with other charities, government, local government and housing associations and by working with them we will maximise the potential for growing our impact.

Objectives and activities

a. Policies and objectives

The principal objects of Fair Credit Charity Ltd (the Charity) are for the public benefit to:

1. Advance education in relation to money and debt management;
2. Relieve financial hardship and distress; and
3. Prevent and relieve poverty;

Including without limitation through the advancement, provision and facilitation of affordable sources of credit and other financial services to individuals in low income households, with a view to enabling such persons to rent and/or own basic goods for the home and other everyday purposes with a view to preventing such persons from falling prey to unscrupulous or usurious providers of credit.

b. Strategies for achieving objectives

The Trustees believe that credit specifically aimed at lower income households needs to be highly visible, highly flexible, with a holistic and supportive service delivered with a high level of care.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Objectives and activities (CONTINUED)

c. Activities undertaken to achieve objectives

The Charity established a not for profit subsidiary, Fair for You Enterprise CIC (the CIC), which commenced trading in late 2015. The subsidiary's objective is to deliver the lending solution that meets the modern borrowing needs identified by the Charity.

The Charity is committed to quality and informed, independent social impact reporting on the effects of high cost credit on low income households.

Achievements and performance

a. Key performance indicators

The Group has in the period ending 31 December 2021 showed a consolidated movement in funds of £295,919 (2020: £2,538,508). At 31 December 2021, the Group had consolidated reserves of £1,969,905 (2020: £1,673,986). These results include the results of the trading subsidiary, Fair for You Enterprise CIC.

b. Review of activities

The Charity continues to seek research partners to advance the needs of the demographic that we seek to serve.

The Charity has provided oversight and monitored the governance and development of the subsidiary lending organisation.

The Charity Trustees have ensured that at all time a suitably skilled and engaged board have been in evidence and monitored the risk management, funding strategy and business plan delivery.

Further it has overseen the expansion of the senior management team and investment in infrastructure.

The established niche lending business and brand has been expanded and grown throughout 2020, which has been welcomed by the demographic the Charity seeks to serve. The business is actively looking at funding lines with a view to further growth and scale.

c. Investment policy and performance

The investment in Fair For You Enterprise CIC may see a future return to the Charity once the business is fully established and sustainable. At this time, only costs are being covered by the subsidiary and no return for the investment is sought.

d. Refinancing

During 2020 Fair For You secured transformational funding for the business via Fair4All Finance. As part of the deal Fair For You refinanced £1.35m of its initial unsecured and secured investment from founding Trusts and Foundations into a new bond instrument. Fair For You also restructured its £1.15m existing bond into this new instrument as well. The new bond is redeemable at the sole discretion of Fair For You. Interest is payable to the Bondholder of base +3% annually.

Within the financial statements of Fair Credit Charity Ltd, the equity element has been treated as "other income" in the unrestricted funds, in line with SORP 24.25.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in accounting policy note 2.3.

COVID-19

Following the outbreak of COVID-19 in early 2020, the Group reacted quickly, investing in the necessary equipment to allow all of our staff to safely and securely work from home. We followed key guidance issued by the FCA, specifically around the provision of forbearance and financial relief. Our customers remained our focus throughout; we worked hard to ensure that we were meeting our customer service SLAs given the high level of anxiety and uncertainty that our customers were experiencing. Given our pre-existing collections policy where we focus on understanding and supporting our customers we were well placed to manage the provisioning impact of the pandemic. The CIC received £26.5k in grants to enable the purchase of key equipment and software to enable effective home working. We also received £100k in grants to support front line services where we saw volumes increase significantly as a result of high customer uncertainty and anxiety; delivering forbearance and financial relief to our most vulnerable customers as well as significant investment in our staff in the guise of training, benefits and wellness support.

b. Material investments policy

The Charity has invested in its wholly owned subsidiary without return or short term expectation of return.

The Trustees believe considerable value is being created in the brand and development of a unique lending organisation that addresses the needs of its customers.

In the long term, when it is a viable mainstream competitor to high cost credit, we will establish a suitable mechanism for a return that will allow the charity to extend its mission.

Structure, governance and management

a. Constitution

The Charity and the Group is constituted under a Trust deed and is a registered charity, under charity number 1161809 (England and Wales) & SC046556 (Scotland).

b. Methods of appointment or election of Trustees

Trustees are appointed for a term of 3 years. Previously, the Trustees were appointed for 2 to 4 years in order to facilitate an orderly succession from year 2. Trustees are expected to complete suitable training and induction.

c. Organisational structure and decision-making policies

The Charity has a Trustee Board which meets every three months and the Trustees confirm that the interests of the charity are paramount to their decisions taken. The Board has established 2 committees as follows:

1. Fundraising and marketing committee: to ensure the Charity has sufficient funding to carry out its work and objectives;
2. Oversight committee: to oversee the subsidiary, Fair for You Enterprise CIC.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Structure, governance and management (CONTINUED)

d. Financial risk management

The Trustees have assessed the major risks to which the Charity and the Group are exposed, in particular those related to the operations and finances of the Charity and the Group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

The Charity is currently actively seeking research partners to advance the needs of the lower income households we serve; likely activities at this time are predominantly further social impact reporting.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report and the 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Approved by order of the members of the board of Trustees and signed on their behalf by:



T Levitt
Trustee

Date: 13th September 2021

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD

OPINION

We have audited the financial statements of Fair Credit Charity Ltd (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Group's and of the parent charitable company's affairs as at 31 December 2021 and of the Group's incoming resources and application of resources, including 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 and the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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.

OPINION 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.
- 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 our 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 Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

AUDITORS' 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 Auditors' 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 procedures surrounding the identification and assessment of risks of material misstatement in relation to irregularities, including fraud and non-compliance with laws and regulations, included the following:

- considering the nature of the entity and its environment, internal control environment, and business performance.
- considering the results of our enquiries of management about their own identification and assessment of the risk of irregularities.
- obtaining and reviewing, for any matters identified, the charitable company's documentation of their policies and procedures relating to:
 - the identification, evaluation, and compliance with laws and regulations, and whether management were aware of any instances of non-compliance within the year;
 - the detection and response to the risk of fraud, and whether management have knowledge of actual, suspected, or alleged fraud; and
 - the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- discussing amongst the audit engagement team, including internal tax specialists, regarding how and where fraud might occur in the financial statements and potential indicators of fraud. As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the completeness of revenue recognition and management override of controls. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to these identified risks.
- obtaining an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, Charities Act 2011, and relevant tax legislation.
- considering provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included data protection regulations, health and safety regulations, and employment legislation.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR CREDIT CHARITY LTD (CONTINUED)

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- enquiring of management concerning actual and potential litigation claims.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud.
- reading minutes of board meetings throughout the year.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 Auditors' report.

USE OF OUR REPORT

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: 22nd September 2022

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
INCOME FROM:				
Donations	4	97,083	97,083	2,350,000
Charitable activities	5	1,150	1,150	-
Other trading activities	6	4,360,215	4,360,215	4,075,442
Other income	7	536,643	536,643	531,210
TOTAL INCOME		4,995,091	4,995,091	6,956,652
EXPENDITURE ON:				
Raising funds for trading activities	8	4,696,135	4,696,135	4,420,015
Charitable activities	9	3,037	3,037	(1,871)
TOTAL EXPENDITURE		4,699,172	4,699,172	4,418,144
NET MOVEMENT IN FUNDS		295,919	295,919	2,538,508
RECONCILIATION OF FUNDS:				
Total funds brought forward		1,673,986	1,673,986	(864,522)
Net movement in funds		295,919	295,919	2,538,508
TOTAL FUNDS CARRIED FORWARD		1,969,905	1,969,905	1,673,986

The notes on pages 14 to 31 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Intangible assets	14		388,567		249,008
Tangible assets	15		37,329		41,249
			<u>425,896</u>		<u>290,257</u>
CURRENT ASSETS					
Debtors	16	7,670,186		7,475,154	
Cash at bank and in hand		990,417		588,743	
		<u>8,660,603</u>		<u>8,063,897</u>	
Creditors: amounts falling due within one year	17	(3,359,637)		(1,785,492)	
NET CURRENT ASSETS			<u>5,300,966</u>		<u>6,278,405</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,726,862</u>		<u>6,568,662</u>
Creditors: amounts falling due after more than one year	18		(3,756,957)		(4,894,676)
TOTAL NET ASSETS			<u><u>1,969,905</u></u>		<u><u>1,673,986</u></u>
GROUP FUNDS					
Restricted funds	19		-		-
Unrestricted funds	19		1,969,905		1,673,986
TOTAL FUNDS			<u><u>1,969,905</u></u>		<u><u>1,673,986</u></u>

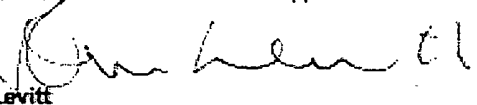
The Charity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



T Levitt
Trustee

Date: 18 September 2021

The notes on pages 14 to 31 form part of these financial statements.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CHARITY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
CURRENT ASSETS					
Debtors	16	3,623		1,093	
Cash at bank and in hand		10,110		9,157	
		<u>13,733</u>		<u>10,250</u>	
Creditors: amounts falling due within one year	17	(5,090)		(2,570)	
NET CURRENT ASSETS			8,643		7,680
TOTAL NET ASSETS			8,643		7,680
CHARITY FUNDS					
Restricted funds	19	-		-	
Unrestricted funds	19	8,643		7,680	
TOTAL FUNDS			8,643		7,680

The Charity's net movement in funds for the year was £963 (2020 - £4,956).

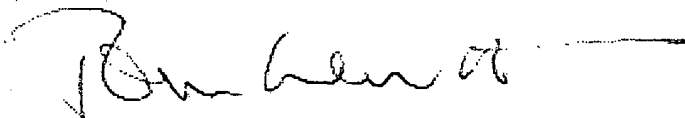
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The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



T Levitt
Trustee

Date: 13th September 2021

The notes on pages 14 to 31 form part of these financial statements.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. GENERAL INFORMATION

Fair Credit Charity Ltd (formerly known as Fair For You Limited) is a registered charitable company limited by guarantee incorporated in England and Wales. The registered office is Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, CV5 9RG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair Credit Charity Ltd 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.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 COMPANY STATUS

The Charity is a charitable company limited by guarantee. The members of the Charity are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

2.3 GOING CONCERN

The accounts have been drawn up on the going concern basis as the Trustees' are of the opinion that the charity will continue in operational existence for the foreseeable future.

The consolidated financial statements include the results of Fair For You Enterprise CIC, a trading subsidiary. A separate review of going concern has been undertaken by the Directors of Fair For You Enterprise, and the Directors have taken steps to ensure that the CIC can continue to meet its obligations as they fall due, by undertaking a reorganisation of their loan funding in order to lessen the burden of repayment in future periods.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (continued)

2.4 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 income receivable can be measured reliably.

Loan interest receivable on loans to clients is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Commissions receivable arise in connection with a specific transaction and income relating to individual transactions is recognised when the transaction is completed.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (continued)

2.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities. All expenditure is accounted for on an accruals basis.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Fair Credit Charity Ltd and all of its subsidiary undertakings ('subsidiaries').

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The net movement in funds for the year dealt with in the accounts of the Charity was £963 (2020: £(4,956)).

2.7 INTANGIBLE ASSETS AND AMORTISATION

The Group does not employ a specific capitalisation policy in relation to intangible assets. Intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Development costs represent the development of the original website and infrastructure, and development of bespoke lending systems.

The estimated useful lives are as follows:

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Development expenditure	-	20 - 33% straight line
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (continued)

2.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

The Group does not employ a specific capitalisation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	- 25% straight line
Office equipment	- 25% straight line
Computer equipment	- 25% straight line

2.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

Loans to borrowers are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to borrowers and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid.

At each balance sheet date the Group assesses if there is objective evidence that any of its loans are impaired. Additionally, if during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

2.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Group anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (continued)

2.12 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

2.13 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.14 PENSIONS

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

2.15 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant items in the financial statements where these judgements and estimates have been made.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Other income	97,083	97,083	2,350,000

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Grant income	1,150	1,150	-

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Sales	1,362,400	1,362,400	1,576,140
Trading income	2,997,815	2,997,815	2,499,302
	<u>4,360,215</u>	<u>4,360,215</u>	<u>4,075,442</u>
TOTAL 2020	<u>4,075,442</u>	<u>4,075,442</u>	

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Other operating income	536,643	536,643	531,210

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. EXPENDITURE ON RAISING FUNDS

OTHER TRADING EXPENSES

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Trading expenses	3,042,768	3,042,768	3,060,579
Staff costs	1,189,139	1,189,139	924,535
Depreciation and amortisation	126,831	126,831	62,328
Cost of sales	324,971	324,971	347,025
Administration expenses	5	5	12,063
Administration staff costs	12,421	12,421	13,485
	<u>4,696,135</u>	<u>4,696,135</u>	<u>4,420,015</u>
TOTAL 2020	<u>4,420,015</u>	<u>4,420,015</u>	

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Support costs	3,037	3,037	(1,871)
	<u>(1,871)</u>	<u>(1,871)</u>	
TOTAL 2020	<u>(1,871)</u>	<u>(1,871)</u>	

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Summary by expenditure type

	Depreciation 2021 £	Other costs 2021 £	Total funds 2021 £	Total funds 2020 £
Support costs	-	3,037	3,037	(1,871)
TOTAL 2020	158	(2,029)	(1,871)	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Charitable activities	3,037	3,037	(1,871)
TOTAL 2020	(1,871)	(1,871)	

ANALYSIS OF SUPPORT COSTS

	Total funds 2021 £	Total funds 2020 £
Depreciation	-	158
Audit fees	2,520	(2,769)
Legal and professional	-	36
Insurance	470	626
General costs	47	78
	3,037	(1,871)

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	18,700	17,500
Fees payable to the Charity's auditor in respect of: All taxation advisory services not included above	1,650	1,600

12. STAFF COSTS

	Group 2021 £	Group 2020 £
Wages and salaries	1,002,287	792,588
Social security costs	113,547	89,721
Contribution to defined contribution pension schemes	85,726	55,711
	<u>1,201,560</u>	<u>938,020</u>

The average number of persons employed by the Charity during the year was as follows:

	Group 2021 No.	Group 2020 No.
Employees	36	27

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2021 No.	Group 2020 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 December 2021, no Trustee expenses have been incurred (2020 - £NIL).

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. INTANGIBLE ASSETS

GROUP

	Development £
COST	
At 1 January 2021	386,883
Additions	250,653
At 31 December 2021	<u>637,536</u>
AMORTISATION	
At 1 January 2021	137,875
Charge for the year	111,094
At 31 December 2021	<u>248,969</u>
NET BOOK VALUE	
At 31 December 2021	<u>388,567</u>
At 31 December 2020	<u>249,008</u>

CHARITY

	Development £
COST	
At 1 January 2021	53,601
At 31 December 2021	<u>53,601</u>
AMORTISATION	
At 1 January 2021	53,601
At 31 December 2021	<u>53,601</u>
NET BOOK VALUE	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. TANGIBLE FIXED ASSETS

GROUP

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST OR VALUATION				
At 1 January 2021	53,047	6,103	17,243	76,393
Additions	11,817	-	-	11,817
At 31 December 2021	64,864	6,103	17,243	88,210
DEPRECIATION				
At 1 January 2021	11,798	6,103	17,243	35,144
Charge for the year	15,737	-	-	15,737
At 31 December 2021	27,535	6,103	17,243	50,881
NET BOOK VALUE				
At 31 December 2021	37,329	-	-	37,329
At 31 December 2020	41,249	-	-	41,249

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. TANGIBLE FIXED ASSETS (CONTINUED)

CHARITY

	Office equipment £	Computer equipment £	Total £
COST OR VALUATION			
At 1 January 2021	6,103	17,243	23,346
At 31 December 2021	6,103	17,243	23,346
DEPRECIATION			
At 1 January 2021	6,103	17,243	23,346
At 31 December 2021	6,103	17,243	23,346
NET BOOK VALUE			
At 31 December 2021	-	-	-
At 31 December 2020	-	-	-

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. DEBTORS

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
DUE WITHIN ONE YEAR				
Trade debtors	250,279	279,149	-	-
Amounts owed by group undertakings	-	-	3,623	623
Other debtors	7,331,751	7,106,141	-	-
Prepayments and accrued income	88,156	89,864	-	470
	<u>7,670,186</u>	<u>7,475,154</u>	<u>3,623</u>	<u>1,093</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans	-	5,324	-	-
Other loans	1,745,960	250,000	-	-
Trade creditors	708,307	1,146,387	-	-
Other taxation and social security	136,993	199,422	-	-
Accruals and deferred income	768,377	184,359	5,090	2,570
	<u>3,359,637</u>	<u>1,785,492</u>	<u>5,090</u>	<u>2,570</u>

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £	Group 2020 £
Bank loans	-	44,676
Other loans	3,756,957	4,850,000
	<u>3,756,957</u>	<u>4,894,676</u>

Included within the above are amounts falling due as follows:

	Group 2021 £	Group 2020 £
BETWEEN ONE AND TWO YEARS		
Bank loans	-	10,648
Other loans	3,756,957	4,350,000
	<u>3,756,957</u>	<u>4,350,000</u>
BETWEEN TWO AND FIVE YEARS		
Bank loans	-	31,945
Other loans	-	500,000
	<u>-</u>	<u>500,000</u>
OVER FIVE YEARS		
Bank loans	-	2,083
	<u>-</u>	<u>2,083</u>

Bank loans of £NIL (2020: £50,000) were unsecured, but were guaranteed by the UK Government.

Included within Other loans is £3,469,583 (2020: £4,100,000) of secured borrowings. Social Growth Fund LLP hold an unlimited debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

The remaining Other loans of £2,033,334 (2020: £1,000,000) are unsecured.

The effective interest rate on loan funding for the year ended 31 December 2021 was 8%.

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
UNRESTRICTED FUNDS				
General Funds - all funds	(1,826,014)	4,898,008	(4,699,172)	(1,627,178)
Other income	3,500,000	97,083	-	3,597,083
	<u>1,673,986</u>	<u>4,995,091</u>	<u>(4,699,172)</u>	<u>1,969,905</u>

Description of funds

General funds - accumulated surplus/deficits from the charitable and trading activities undertaken by the charitable company.

Other income - the brought forward funds represent previous debt held within Fair For You CIC which have been converted into equity by way of a perpetual bond. Under charity SORP 24.25, drawdowns of the perpetual bond have been treated as income in the unrestricted fund, given the purpose of the charitable company and CIC subsidiary are identical.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2019 (as restated) £	Income £	Expenditure £	Balance at 31 December 2020 £
UNRESTRICTED FUNDS				
General Funds - all funds	(2,014,522)	4,606,652	(4,418,144)	(1,826,014)
Other income	1,150,000	2,350,000	-	3,500,000
	<u>(864,522)</u>	<u>6,956,652</u>	<u>(4,418,144)</u>	<u>1,673,986</u>

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
General funds	1,673,986	4,995,091	(4,699,172)	1,969,905

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2020 £	Income £	Expenditure £	Balance at 31 December 2020 £
General funds	(864,522)	6,956,652	(4,418,144)	1,673,986

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	37,329	37,329
Intangible fixed assets	388,567	388,567
Current assets	8,660,603	8,660,603
Creditors due within one year	(3,359,637)	(3,359,637)
Creditors due in more than one year	(3,756,957)	(3,756,957)
TOTAL	1,969,905	1,969,905

FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	41,249	41,249
Intangible fixed assets	249,008	249,008
Current assets	8,063,897	8,063,897
Creditors due within one year	(1,785,492)	(1,785,492)
Creditors due in more than one year	(4,894,676)	(4,894,676)
TOTAL	1,673,986	1,673,986

22. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable to the Group to the fund and amounted to £85,726 (2020 - £55,711). Contributions of £(470) (2020 - £6,343) were payable to the fund at the balance sheet date.

23. OPERATING LEASE COMMITMENTS

At 31 December 2021 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group As restated 2020 £	Charity As restated 2020 £
Not later than 1 year	30,030	33,090	-
Later than 1 year and not later than 5 years	14,250	42,750	-
	44,280	75,840	-

In the prior year, operating lease commitments were disclosed within the financial statements as the charitable company's commitments. However, the relevant operating lease agreements are in the subsidiary company's name and relevant costs are shown in the subsidiary's profit and loss account. As such, the comparative figures have been restated. There is no impact upon either the group or charitable company's Statement of Financial Activities and Statement of Financial Position.

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**FAIR CREDIT CHARITY LTD
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. RELATED PARTY TRANSACTIONS

The charitable company has taken the exemption under FRS 102 Section 33.1A and not discloses any transactions entered into between wholly-owned group companies.

26. CONTROLLING PARTY

The Trustees do not consider there to be one sole controlling party.

27. PRINCIPAL SUBSIDIARY

Fair For You Enterprise CIC

Subsidiary name
Company registration number
Basis of control

Fair For You Enterprise CIC
09798014
The Board of Trustees, as members of Fair For You Enterprise CIC, may, by special resolution direct the Directors of the CIC, to take or refrain from taking specific action.

Total assets as at 31 December 2021	£9,076,389
Total liabilities as at 31 December 2021	£(7,115,127)
Total equity as at 31 December 2021	£1,961,262
Total income for the year ended 31 December 2021	£4,896,858
Expenditure for the year ended 31 December 2021 (incl tax)	£(4,698,985)
Profit for the year ended 31 December 2021 (after tax)	£197,873

FAIR CREDIT CHARITY LTD

England & Wales - Charity number 1161809

Accounts

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

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FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees	A Claytor A Dodds J Porritt (resigned 18 May 2020) T Levitt L Melvin J Bonehill (appointed 1 January 2021)
Company registered number	08991099
Charity registered number and Scottish Charity registered number	1161809 & SC046556
Registered office	Unit 8 Elm Court Meriden Business Park Copse Drive Coventry CV5 9RG
Company secretary	C Bennett
Independent auditors	Bishop Fleming LLP Chartered Accountants 1-3 College Yard Worcester WR1 2LB

**FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Trustees present their Annual report together with the audited financial statements of the company for the 1 January 2020 to 31 December 2020. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 has been omitted.

Fair for You Ltd (the Charity) is proud to have continued to oversee our trading subsidiary, Fair for You Enterprise CIC (the CIC), ensuring the financial and trading sustainability.

At a time when one in six people of working age in the UK is living below the official poverty line, too many are still denied access to the dignity that decent home surroundings and freedom from exploitation by irresponsible elements in the finance industry can bring. We welcome regulatory changes, which rein in some of the worst excesses of high cost finance, and support calls for more work to be done in providing better designed, affordable solutions.

In 2020 Fair for You provided £13.3m (2019: £8.4m) in affordable and responsible loans to 23,744 (2019: 23,387) families in need whilst maintaining a uniquely high level of customer service (independently verified through our Trustpilot reviews).

Our current lending of £34.4m (2019: £20m) has delivered 102,799 loans (2019: 59,358) to lower income families since we started.

During the course of the year our partner and funder Fair 4 All Finance commissioned a substantial social impact report on the activities of Fair for You, the first we have had in three years. The report confirmed that our social impact is very high and that Fair for You makes a real difference to the lives of the vulnerable people on low income that we serve. This help has been even more vital as the country has navigated the challenges of the coronavirus pandemic. The trustees have been particularly pleased to witness the launch of the pilot of the Food Club alongside our partner, Iceland supermarket. We have high hopes for the project's rollout which has been a long time in preparation.

Key findings from the report were:

- Fair for You has generated at least £50.5m of social value for 33,500 customers since starting its operations in 2015.
- 60% of Fair for You customers are now better able to pay their rent, Council Tax and other household bills as a result.
- Fair for You has helped an estimated 71% of its customers move away from high cost credit, realising just under £9m of financial savings
- Over £2m saved from reduced use of NHS services, due to the positive health benefits of having essential home items

In August 2020 the founding CEO of both the charity and the CIC, Angela Clements, stepped down from her post. The trustees are very grateful for all that she achieved on our behalf and we wish her well. For the remainder of the year the acting CEO of both organisations was James Wilkinson.

We continue to appreciate the support that our customers, friends, trustees, board members, staff and investors have given to Fair for You. We look forward to building our networks and growing our impact during 2020.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities

a. Policies and objectives

The principal objects of Fair For You Limited (the Charity) are for the public benefit to:

1. Advance education in relation to money and debt management;
2. Relieve financial hardship and distress; and
3. Prevent and relieve poverty;

Including without limitation through the advancement, provision and facilitation of affordable sources of credit and other financial services to individuals in low income households, with a view to enabling such persons to rent and/or own basic goods for the home and other everyday purposes with a view to preventing such persons from falling prey to unscrupulous or usurious providers of credit.

b. Strategies for achieving objectives

The Trustees believe that credit specifically aimed at lower income households needs to be highly visible, highly flexible, with a holistic and supportive service delivered with a high level of care.

c. Activities undertaken to achieve objectives

The Charity established a not for profit subsidiary, Fair for You Enterprise CIC (the CIC), which commenced trading in late 2015. The subsidiary's objective is to deliver the lending solution that meets the modern borrowing needs identified by the Charity.

The Charity is committed to quality and informed, independent social impact reporting on the effects of high cost credit on low income households.

Achievements and performance

a. Key performance indicators

The Group has in the period ending 31 December 2020 showed a consolidated movement in funds of £2,538,508 (2019: £990,774). At 31 December 2020, the Group had consolidated reserves of £1,673,986 (2019: 864,522). These results include the results of the trading subsidiary, Fair For You Enterprise CIC.

b. Review of activities

The Charity continues to seek research partners to advance the needs of the demographic that we seek to serve.

The Charity has provided oversight and monitored the governance and development of the subsidiary lending organisation.

The Charity Trustees have ensured that at all time a suitably skilled and engaged board have been in evidence and monitored the risk management, funding strategy and business plan delivery.

Further it has overseen the expansion of the senior management team and investment in infrastructure.

The established niche lending business and brand has been expanded and grown throughout 2020, which has been welcomed by the demographic the Charity seeks to serve. The business is actively looking at funding lines with a view to further growth and scale.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance (CONTINUED)

c. Investment policy and performance

The investment in Fair For You Enterprise CIC may see a future return to the Charity once the business is fully established and sustainable. At this time, only costs are being covered by the subsidiary and no return for the investment is sought.

d. Refinancing

During 2020 Fair For You secured transformational funding for the business via Fair4All Finance. As part of the deal Fair For You refinanced £1.35m of its initial unsecured and secured investment from founding Trusts and Foundations into a new bond instrument. Fair For You also restructured its £1.15m existing bond into this new instrument as well. The new bond is redeemable at the sole discretion of Fair For You. Interest is payable to the Bondholder of base +3% annually.

Within the financial statements of Fair For You Limited, the equity element has been treated as "other income" in the unrestricted funds, in line with SORP 24.25.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in accounting policy note 2.3.

COVID-19

Following the outbreak of COVID-19 in early 2020 Fair For You reacted quickly, investing in the necessary equipment to allow all of our staff to safely and securely work from home. We followed key guidance issued by the FCA, specifically around the provision of forbearance and financial relief. Our customers remained our focus throughout; we worked hard to ensure that we were meeting our customer service SLAs given the high level of anxiety and uncertainty that our customers were experiencing. Given our pre-existing collections policy where we focus on understanding and supporting our customers we were well placed to manage the provisioning impact of the pandemic. Fair For You received £26.5k in grants to enable the purchase of key equipment and software to enable effective home working. We also received £100k in grants to support front line services where we saw volumes increase significantly as a result of high customer uncertainty and anxiety; delivering forbearance and financial relief to our most vulnerable customers as well as significant investment in our staff in the guise of training, benefits and wellness support.

b. Material investments policy

The Charity has invested in its wholly owned subsidiary without return or short term expectation of return.

The Trustees believe considerable value is being created in the brand and development of a unique lending organisation that addresses the needs of its customers.

In the long term, when it is a viable mainstream competitor to high cost credit, we will establish a suitable mechanism for a return that will allow the charity to extend its mission.

**FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Structure, governance and management

a. Constitution

The company and the group is constituted under a Trust deed and is a registered charity, under charity number 1161809 (England and Wales) & SC046556 (Scotland).

b. Methods of appointment or election of Trustees

Trustees are appointed for a term of 3 years. Previously, the Trustees were appointed for 2 to 4 years in order to facilitate an orderly succession from year 2. Trustees are expected to complete suitable training and induction.

c. Organisational structure and decision-making policies

The Charity has a Trustee Board which meets every three months and the Trustees confirm that the interests of the charity are paramount to their decisions taken. The Board has established 2 committees as follows:

1. Fundraising and marketing committee: to ensure the Charity has sufficient funding to carry out its work and objectives;
2. Oversight committee: to oversee the subsidiary, Fair for You Enterprise CIC.

d. Financial risk management

The Trustees have assessed the major risks to which the company and the group is exposed, in particular those related to the operations and finances of the company and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

The Charity is currently actively seeking research partners to advance the needs of the lower income households we serve; likely activities at this time are predominantly further social impact reporting.

**FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for preparing the Trustees' report and the 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

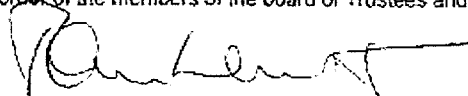
- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

T Levitt
Trustee



Date:

22-9-21

**FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR FOR YOU LIMITED

OPINION

We have audited the financial statements of Fair For You Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Group's and of the parent charitable company's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources, including 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 and the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR FOR YOU LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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.

OPINION 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.
- 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 our 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 Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR FOR YOU LIMITED (CONTINUED)

AUDITORS' 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 Auditors' 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 procedures surrounding the identification and assessment of risks of material misstatement in relation to irregularities, including fraud and non-compliance with laws and regulations, included the following:

- considering the nature of the entity and its environment, internal control environment, and business performance.
- considering the results of our enquiries of management about their own identification and assessment of the risk of irregularities.
- obtaining and reviewing, for any matters identified, the Company's documentation of their policies and procedures relating to:
 - the identification, evaluation, and compliance with laws and regulations, and whether management were aware of any instances of non-compliance within the year;
 - the detection and response to the risk of fraud, and whether management have knowledge of actual, suspected, or alleged fraud; and
 - the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- discussing amongst the audit engagement team, including internal tax specialists, regarding how and where fraud might occur in the financial statements and potential indicators of fraud. As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the completeness of revenue recognition and management override of controls. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to these identified risks.
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.
- considering provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included data protection regulations, health and safety regulations, and employment legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR FOR YOU LIMITED (CONTINUED)

Audit response to risks identified

We identified revenue recognition cut off as key audit matters related to the potential risk of fraud, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud;
- reading minutes of board meetings throughout the year; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

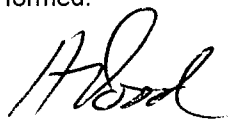
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Due to the COVID-19 pandemic the engagement team performed remote audit testing using online portals to share documentation securely and video calls to make enquiries.

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 Auditors' 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, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior statutory auditor)

for and on behalf of
Bishop Fleming LLP

Chartered Accountants
Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *28th September 2021*

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)**
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:				
Donations	4	2,350,000	2,350,000	1,150,000
Charitable activities	5	-	-	11,189
Other trading activities	6	4,075,442	4,075,442	2,710,146
Other income	7	531,210	531,210	33,292
TOTAL INCOME		6,956,652	6,956,652	3,904,627
EXPENDITURE ON:				
Raising funds	8	4,420,015	4,420,015	2,913,274
Charitable activities	9	(1,871)	(1,871)	20,825
TOTAL EXPENDITURE		4,418,144	4,418,144	2,934,099
NET INCOME BEFORE TAXATION				
		2,538,508	2,538,508	970,528
Taxation	14	-	-	20,246
NET MOVEMENT IN FUNDS		2,538,508	2,538,508	990,774
RECONCILIATION OF FUNDS:				
Total funds brought forward		(864,522)	(864,522)	(1,855,296)
Net movement in funds		2,538,508	2,538,508	990,774
TOTAL FUNDS CARRIED FORWARD		1,673,986	1,673,986	(864,522)

The notes on pages 17 to 35 form part of these financial statements.

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	15	249,008	149,039
Tangible assets	16	41,249	13,689
		<u>290,257</u>	<u>162,728</u>
CURRENT ASSETS			
Debtors	17	7,475,154	5,519,199
Cash at bank and in hand		588,743	74,404
Creditors: amounts falling due within one year	18	(1,785,492)	(1,520,853)
NET CURRENT ASSETS		<u>6,278,405</u>	<u>4,072,750</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,568,662</u>	<u>4,235,478</u>
Creditors: amounts falling due after more than one year	19	(4,894,676)	(5,100,000)
NET ASSETS / LIABILITIES EXCLUDING PENSION ASSET		<u>1,673,986</u>	<u>(864,522)</u>
TOTAL NET ASSETS		<u><u>1,673,986</u></u>	<u><u>(864,522)</u></u>
CHARITY FUNDS			
Restricted funds	21	-	-
Unrestricted funds	21	1,673,986	(864,522)
TOTAL FUNDS		<u><u>1,673,986</u></u>	<u><u>(864,522)</u></u>

The company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

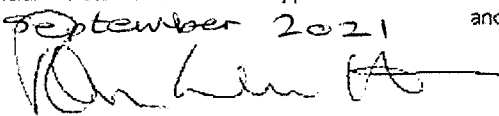
However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 22 September 2021 and signed on their behalf by:

T Levitt
Trustee



FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The notes on pages 17 to 35 form part of these financial statements.

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08991099

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	16	-	158
		-	158
CURRENT ASSETS			
Debtors	17	1,093	7,825
Cash at bank and in hand		9,157	35
		10,250	7,860
Creditors, amounts falling due within one year	18	(2,570)	(5,345)
NET CURRENT ASSETS		7,680	2,515
TOTAL ASSETS LESS CURRENT LIABILITIES		7,680	2,724
NET ASSETS		7,680	2,724
TOTAL NET ASSETS		7,680	2,724
CHARITY FUNDS			
Restricted funds	21	-	-
Unrestricted funds	21	7,680	2,724
TOTAL FUNDS		7,680	2,724

The company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 22 September 2021 and signed on their behalf by



T Levitt
Trustee

**FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Fair For You Limited is a registered charitable company limited by guarantee incorporated in England and Wales. The registered office is Unit 8, Elm Court, Meriden Business Park, Copse Drive, Coventry, CV5 9RG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair For You Limited 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.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

2.3 GOING CONCERN

The accounts have been drawn up on the going concern basis as the Trustees' are of the opinion that the charity will continue in operational existence for the foreseeable future.

The consolidated financial statements include the results of Fair For You Enterprise CIC, a trading subsidiary. A separate review of going concern has been undertaken by the Directors of Fair For You Enterprise, and the Directors have taken steps to ensure that Fair For You Enterprise CIC can continue to meet its obligations as they fall due, by undertaking a reorganisation of their loan funding in order to lessen the burden of repayment in future periods.

2.4 INCOME

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

Loan interest receivable on loans to clients is recognised using the effective interest method, and is calculated and accrued on a daily basis.

Commissions receivable arise in connection with a specific transaction and income relating to individual transactions is recognised when the transaction is completed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities. All expenditure is accounted for on an accruals basis.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

2.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Fair For You Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The net movement in funds for the year dealt with in the accounts of the company was £4,956 (2019: £(9,636)).

2.7 INTANGIBLE ASSETS AND AMORTISATION

The Group does not employ a specific capitalisation policy in relation to intangible assets. Intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Development costs represent the development of the original website and infrastructure, and development of bespoke lending systems.

The estimated useful lives are as follows:

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Development expenditure	-	20 - 33% straight line
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

The Group does not employ a specific capitalisation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	- 25% straight line
Office equipment	- 25% straight line
Computer equipment	- 25% straight line

2.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

Loans to borrowers are financial assets with fixed or determinable payments. Loans are recognised when cash is advanced to borrowers and measured at amortised cost using the effective interest method. Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid.

At each balance sheet date the company assesses if there is objective evidence that any of its loans are impaired. Additionally, if during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

2.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.12 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

2.13 FINANCIAL INSTRUMENTS

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.14 PENSIONS

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

2.15 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant items in the financial statements where these judgements and estimates have been made.

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Other income	2,350,000	2,350,000	1,150,000

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Grant income	-	-	11,189

6. INCOME FROM OTHER TRADING ACTIVITIES

Income from non charitable trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Sales	1,576,140	1,576,140	192,400
Trading income	2,499,302	2,499,302	2,517,746
	4,075,442	4,075,442	2,710,146
TOTAL 2019	2,710,146	2,710,146	

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Other operating income	531,210	531,210	33,292

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. EXPENDITURE ON RAISING FUNDS

OTHER TRADING EXPENSES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Trading expenses	3,060,579	3,060,579	2,068,054
Staff costs	924,535	924,535	612,410
Depreciation and amortisation	62,328	62,328	25,852
Cost of sales	347,025	347,025	193,456
Administration expenses	12,063	12,063	13,502
Administration staff costs	13,485	13,485	-
	<u>4,420,015</u>	<u>4,420,015</u>	<u>2,913,274</u>
TOTAL 2019	<u>2,913,274</u>	<u>2,913,274</u>	

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Support costs	(1,871)	(1,871)	20,825
TOTAL 2019	<u>20,825</u>	<u>20,825</u>	

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Summary by expenditure type

	Depreciation 2020 £	Other costs 2020 £	Total funds 2020 £	Total funds 2019 £
Support costs	158	(2,029)	(1,871)	20,825
TOTAL 2019	4,418	16,407	20,825	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Charitable activities	(1,871)	(1,871)	20,825
TOTAL 2019	20,825	20,825	

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Depreciation	158	4,418
Audit fees	(2,769)	2,520
Legal and professional	36	1,812
Insurance	626	842
General costs	78	213
Amortisation	-	11,020
	(1,871)	20,825

FAIR FOR YOU LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's annual accounts	17,500	16,200
Fees payable to the company's auditor in respect of: All taxation advisory services not included above	<u>1,600</u>	<u>1,575</u>

12. STAFF COSTS

	Group 2020 £	Group 2019 £
Wages and salaries	792,588	531,665
Social security costs	89,721	56,355
Contribution to defined contribution pension schemes	55,711	24,390
	<u>938,020</u>	<u>612,410</u>

The average number of persons employed by the company during the year was as follows:

	Group 2020 No.	Group 2019 No.
Employees	<u>27</u>	<u>19</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	Group 2019 No.
In the band £60,001 - £70,000	1	-
In the band £70,001 - £80,000	1	-

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2019: £NIL).

During the year ended 31 December 2020, no Trustee expenses have been incurred (2019: £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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14. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Current tax on net income for the year	-	(20,246)
TAXATION ON NET INCOME	<u>-</u>	<u>(20,246)</u>

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Net income before tax	<u>2,538,508</u>	<u>970,528</u>
Net income multiplied by the standard rate of corporation tax in the UK of 19 (2019 - 19%).	482,317	184,400
EFFECTS OF:		
Non-tax deductible amortisation and impairment of goodwill	9,255	-
Capital allowances for year in excess of depreciation	(207)	-
Utilisation of brought forward losses	(187,106)	(204,646)
Other differences leading to an increase/(decrease) in the tax charge	(304,259)	-
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>(20,246)</u>

There are no factors considered likely to affect future tax charges. In total, £1,587,273 of trade losses were carried forward at the 31 December 2020 pertaining to the Company's subsidiary, Fair For You Enterprise CIC.

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15. INTANGIBLE ASSETS

GROUP

	Development £
COST	
At 1 January 2020	232,472
Additions	154,411
At 31 December 2020	386,883
AMORTISATION	
At 1 January 2020	83,433
Charge for the year	54,442
At 31 December 2020	137,875
NET BOOK VALUE	
At 31 December 2020	249,008
At 31 December 2019	149,039

Company

	Development £
COST	
At 1 January 2020	53,601
At 31 December 2020	53,601
AMORTISATION	
At 1 January 2020	53,601
At 31 December 2020	53,601
NET BOOK VALUE	
At 31 December 2020	-
At 31 December 2019	-

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16. TANGIBLE FIXED ASSETS

GROUP

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST OR VALUATION				
At 1 January 2020	17,443	6,103	17,242	40,788
Additions	35,604	-	-	35,604
At 31 December 2020	53,047	6,103	17,242	76,392
DEPRECIATION				
At 1 January 2020	3,912	6,091	17,096	27,099
Charge for the year	7,886	12	146	8,044
At 31 December 2020	11,798	6,103	17,242	35,143
NET BOOK VALUE				
At 31 December 2020	41,249	-	-	41,249
At 31 December 2019	13,531	12	146	13,689

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16. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY

	Office equipment £	Computer equipment £	Total £
COST OR VALUATION			
At 1 January 2020	6,103	17,242	23,345
At 31 December 2020	6,103	17,242	23,345
DEPRECIATION			
At 1 January 2020	6,091	17,096	23,187
Charge for the year	12	146	158
At 31 December 2020	6,103	17,242	23,345
NET BOOK VALUE			
At 31 December 2020	-	-	-
At 31 December 2019	12	146	158

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. DEBTORS

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
DUE AFTER MORE THAN ONE YEAR				
Other debtors	-	21,019	-	-
Prepayments and accrued income	-	40,323	-	-
	-	61,342	-	-
DUE WITHIN ONE YEAR				
Trade debtors	279,149	237,178	-	-
Amounts owed by group undertakings	-	-	623	7,349
Other debtors	7,106,141	5,040,174	-	6
Prepayments and accrued income	89,864	160,259	470	470
Tax recoverable	-	20,246	-	-
	7,475,154	5,519,199	1,093	7,825

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	5,324	-	-	-
Other loans	250,000	-	-	-
Trade creditors	1,146,387	1,097,954	-	-
Other taxation and social security	199,422	57,303	-	-
Accruals and deferred income	184,359	365,596	2,570	5,345
	1,785,492	1,520,853	2,570	5,345

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NOTES TO THE FINANCIAL STATEMENTS
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19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2020 £	Group 2019 £
Bank loans	44,676	-
Other loans	4,850,000	5,100,000
	<u>4,894,676</u>	<u>5,100,000</u>

Included within the above are amounts falling due as follows:

	Group 2020 £	Group 2019 £
BETWEEN ONE AND TWO YEARS		
Bank loans	10,648	-
Other loans	4,350,000	-
	<u></u>	<u></u>
BETWEEN TWO AND FIVE YEARS		
Bank loans	31,945	-
Other loans	500,000	5,100,000
	<u></u>	<u></u>
OVER FIVE YEARS		
Bank loans	2,083	-
	<u></u>	<u></u>

Bank loans of £44,676 (2019: £NIL) is unsecured, but is guaranteed by UK Government.

Included within Other Loans is £4,100,000 (2019: £4,100,000) of secured borrowings. Social Growth Fund LLP hold an unlimited debenture incorporating a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery.

The remaining Other Loans of £750,000 (2019: £1,000,000) are unsecured.

The effective interest rate on loan funding for the year ended 31 December 2020 was 8%.

20. FINANCIAL INSTRUMENTS

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit and loss	588,743	74,404	9,157	86
	<u></u>	<u></u>	<u></u>	<u></u>

Financial assets measured at fair value through profit and loss comprise cash at bank and in hand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2020 £	Income £	Expenditure £	Balance at 31 December 2020 £
UNRESTRICTED FUNDS				
General Funds - all funds	(2,014,522)	4,606,652	(4,418,144)	(1,826,014)
Other income	1,150,000	2,350,000	-	3,500,000
	<u>(864,522)</u>	<u>6,956,652</u>	<u>(4,418,144)</u>	<u>1,673,986</u>

Description of funds

General funds - accumulated surplus/deficits from the charitable and trading activities undertaken by the charitable company.

Other income - the brought forward funds represent previous debt held within Fair For You CIC which have been converted into equity by way of a perpetual bond. Further drawdowns of the perpetual bond have been undertaken in the year; under charity SORP 24.25, this transfer has been treated as income in the unrestricted fund, given the purpose of the charitable company and CIC subsidiary are identical.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2019 (as restated) £	Income £	Expenditure £	Taxation £	Balance at 31 December 2019 £
UNRESTRICTED FUNDS					
General funds	(1,855,296)	2,754,627	(2,934,099)	20,246	(2,014,522)
Other income	-	1,150,000	-	-	1,150,000
	<u>(1,855,296)</u>	<u>3,904,627</u>	<u>(2,934,099)</u>	<u>20,246</u>	<u>(864,522)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2020 £	Income £	Expenditure £	Balance at 31 December 2020 £
General funds	(864,522)	6,956,652	(4,418,144)	1,673,986

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2019 £	Income £	Expenditure £	Taxation £	Balance at 31 December 2019 £
General funds	(1,855,296)	3,904,627	(2,934,099)	20,246	(864,522)

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	41,249	41,249
Intangible fixed assets	249,008	249,008
Current assets	8,063,897	8,063,897
Creditors due within one year	(1,785,492)	(1,785,492)
Creditors due in more than one year	(4,894,676)	(4,894,676)
TOTAL	1,673,986	1,673,986

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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	13,689	13,689
Intangible fixed assets	149,039	149,039
Debtors due after more than one year	61,342	61,342
Current assets	5,532,261	5,532,261
Creditors due within one year	(1,520,853)	(1,520,853)
Creditors due in more than one year	(5,100,000)	(5,100,000)
TOTAL	(864,522)	(864,522)

24. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2020 £	Group 2019 £
Net income for the period (as per Statement of Financial Activities)	2,538,508	990,774
ADJUSTMENTS FOR:		
Depreciation charges	8,044	7,357
Amortisation charges	54,442	33,931
Increase in debtors	(1,955,955)	(1,804,351)
Increase in creditors	264,639	830,926
Perpetual bond transfer	(2,350,000)	(1,150,000)
NET CASH USED IN OPERATING ACTIVITIES	(1,440,322)	(1,091,363)

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2020 £	Group 2019 £
Cash in hand	588,743	74,404

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NOTES TO THE FINANCIAL STATEMENTS
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26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 December 2020 £
Cash at bank and in hand	74,404	514,339	-	588,743
Debt due within 1 year	-	(5,324)	(250,000)	(255,324)
Debt due after 1 year	(5,100,000)	(44,676)	250,000	(4,894,676)
	<u>(5,025,596)</u>	<u>464,339</u>	<u>-</u>	<u>(4,561,257)</u>

27. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable to the Group to the fund and amounted to £55,711 (2019: £24,390). Contributions of £6,343 (2019: £4,337) were payable to the fund at the balance sheet date.

28. OPERATING LEASE COMMITMENTS

At 31 December 2020 the Group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	33,090	28,500	33,090	28,500
Later than 1 year and not later than 5 years	42,750	71,250	42,750	71,250
	<u>75,840</u>	<u>99,750</u>	<u>75,840</u>	<u>99,750</u>

29. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

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30. RELATED PARTY TRANSACTIONS

	2020 £	2019 £
Purchases from companies with trustees in common	<u>21,200</u>	<u>15,380</u>

31. CONTROLLING PARTY

The Trustees do not consider there to be one sole controlling party.

32. PRINCIPAL SUBSIDIARY

Fair For You Enterprise CIC

Subsidiary name	Fair For You Enterprise CIC
Company registration number	09798014
Basis of control	The Board of Trustees, as members of Fair For You Enterprise CIC, may, by special resolution direct the Directors of the Company, to take or refrain from taking specific action.
Total assets as at 31 December 2020	£8,344,527
Total liabilities as at 31 December 2020	£(6,678,221)
Total equity as at 31 December 2020	£1,666,306
Total income for the year ended 31 December 2020	£4,606,652
Expenditure for the year ended 31 December 2020 (incl tax)	£(4,423,015)
Profit for the year ended 31 December 2020 (after tax)	£183,637

