



Annual Report and Financial Statements

(A company limited by guarantee)

31 December 2022

Company Registration Number
09380418 (England and Wales)

Charity Registration Number
1165269 (England and Wales)

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References and Administrative Information Year ended 31 December 2022

Trustees	Brhmie Balaram (resigned 24 May 2022) David Bartram Christopher (Kit) Beazley (Chair) Simon Borkin (resigned 25 February 2022) Katherine Boswell David Carrington (resigned 31 January 2023) Mikael Down Emma Faulkner (appointed 31 January 2023) Nana Francois Casey Lord (resigned 30 May 2023) Alice Merry Thobeka Ngcobo (appointed 23 May 2023) Katherine Ormiston Smith (Treasurer) Amit Shah
Chief Executive Officer	Jesse Griffiths
Principal Address	10 Salamanca Place London SE1 7HB
Company registration number	09380418
Charity registration number	1165269
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	Unity Trust Bank PO Box 7193 Planetary Road Willenhall WV1 9DG

Trustees' Report Year ended 31 December 2022

The trustees, who are Directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 32 to 34 and comply with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principles set out in *Accounting and Reporting by Charities: Statement of Recommended Practice* applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) have been followed in the preparation of this report and accounts.

Our vision

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

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

The need

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

It doesn't have to be this way. People created the system and people can change it. We can transform the financial system so that it puts people and planet first.

What we do

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

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

What we do (continued)

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

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

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

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

Our work in 2022

2022 saw many successes, including seeing our Finance for the Future campaign coalition positively influence regulation within the proposed Financial Services and Markets Bill, working with a growing group of purpose-driven financial institutions to design a campaign for the implementation of a Fair Banking Act, and seeing 23 climate leaders within banks complete our first Climate Safe Lending Fellowship. We also developed a new website, to better communicate our work and improve opportunities for collaboration and engagement.

We published a number of key reports, articles and proposals, were widely quoted in the mainstream press, and were listed in the [top 100 social enterprises for 2022](#) (Natwest, SE100), and [Escape the City's 'Escape 100'](#) list of best 100 organisations to work for, based on criteria including impact, mission, and people.

Simon Borkin and Brhmie Balaram left the board after three years with the Lab. In 2023 our Treasurer leaves after 6 years and we are recruiting a replacement. Our Trustees-in-Training scheme ended in November, with participants rating 9.3 out of 10 to 'How likely are you to you recommend the programme to a friend or peer looking to gain board experience?'. Of the four, two are joining our board in 2023, and a third has joined the board at another charity.

Charitable objects

The objects of the Charity are for the public benefit:

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

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

1.2 Promoting sustainable development by:

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

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

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

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

Public benefit

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

Growing purpose-driven finance

Significantly expanding the size and impact of those financial institutions that put social and environmental purpose at the heart of their ownership, mandate, governance, culture, and business model will be key to building the financial system of the future.

Our 2030 goal is that purpose-driven financial institutions become mainstream in the UK, with a significant proportion of the public using purpose-driven financial institutions which hold an important share of total assets.

What we did

Our work in 2022 focused first on developing a detailed strategy for the programme, in consultation with our community of purpose-driven finance institutions, civil society organisations (CSOs), academics and other allies.

The strategy focuses on building a powerful coalition - rooted in the experience of those whose lives have been blighted by financial exclusion - capable of challenging the iniquity within the UK's financial system and getting the government to enact transformative solutions. At present, the UK's financial system fails millions, and simply is not designed to serve people already marginalised through inequality and poverty. In particular, it creates barriers for those already facing exclusion, including women, people of colour, and people with disabilities. For example, the FCA's *Alternatives to High-Cost Credit* report found that even before the pandemic over 10 million people in the UK, mostly on low incomes, had few, or no, options to access credit. As a result, around 3 million people use high-cost credit providers when, for example, they face an unexpected expense. Even worse, an in depth 2022 Centre for Social Justice report estimated that over one million people in the UK are forced to turn to illegal money lenders such as loan sharks. This inability to access an essential financial service – responsible credit to help with unexpected shocks or temporary financial problems – contributes to the poverty premium, rising levels of problem debt, and financial vulnerability, which the cost of living crisis is worsening. It is part of a broader problem of a financial system that systematically excludes millions from essential financial services.

Our coalition strategy focuses on the introduction of a Fair Banking Act (FBA), a step-change solution which would mandate mainstream banks, purpose-driven finance institutions and regulators to work in partnership to address financial exclusion.

A campaign plan for the formation of a powerful coalition to win the introduction of an FBA was devised in consultation with the community via workshops in June and October, and with advice from people with experience of a similar piece of legislation in the USA. This was supported by the production of the [Financing Up: Why Levelling Up requires purpose-driven finance organisations](#) report (authored by Lab Senior Fellow Christine Berry and the Lab's CEO, Jesse Griffiths), setting out the arguments for an FBA, and a parliamentary briefing paper.

The final part of the year saw the team working on an FBA policy paper which will this year be used to promote the inclusion of an FBA in campaign manifestos for the main political parties. We were pleased that this paper was able to be peer reviewed with detailed comments from seven peer reviewers as well as overarching comments from a further eight organisations within the community.

Growing purpose-driven finance (continued)

The difference we made

In 2023, we successfully built the power of our community and produced the behind-the-scenes analysis, strategic planning, coalition-building, and coordination necessary to deliver a well-researched and powerfully organised campaign in 2023.

We have laid the groundwork for success over the past two years, with commitment from key national and local organisations already giving their time and expertise to a coalition, with the Lab acting as convener. Of the 33 most active organisations, 18 are purpose-driven responsible finance providers which focus on working directly with local communities to tackle disadvantage practically, for example by supporting people on low incomes to access affordable credit, or providing money advice. 16 are organisations tackling financial exclusion and poverty with expertise in specific areas, for example Fair4All Finance, Responsible Finance, and Debt Justice. We also have the support of four academic institutions who are experts in financial exclusion, policy, and research. We have been working to ensure that people with lived experience are engaged to the campaign, and become central to future work of this coalition.

The work we have done with the coalition in developing a high-level policy position on the Fair Banking Act has deepened our relationships and strategy. The [coalition policy paper](#) is co-branded by six key organisations, with support from two more, and this collaborative approach enabled us to set out a clear rationale and set of asks to policy makers. The paper has provided the coalition with an agreed position to coalesce around and use within their own work, and will serve as an opening point to build relationships with organisations that we hope to engage as supporters of the campaign.

The paper and coalition building work provides the starting point to launch the campaign in 2023 with the aim of securing commitment to a Fair Banking Act in the manifestos of political parties ahead of the next general election.

Shifting mainstream finance

Mainstream players such as banks and pension funds will have to shift their activities significantly if we are to meet our environmental and social goals. Given their public profile, it is possible to imagine this happening even if they do not fully convert into purpose-driven institutions.

Our 2030 goal is that mainstream financial organisations have aligned their core business activities to deliver a less than 1.5°C increase in global temperature – in line with the Paris Agreement – through financing a just and regenerative economy.

What we did

This year saw the continuation of our work to build and empower our community of climate 'intrapreneurs' - committed climate champions working within big banks - to push those banks to rapidly align with global climate targets.

Partnering with the Climate Safe Lending Network (CSLN), we launched the [Climate Safe Learning Lab](#) (CSLL), which now has 162 members from 31 countries actively engaged in learning from each other and other experts and developing ideas and proposals for how to make the banking system take climate goals seriously enough.

They receive regular email communications, participate in events such as 'Credibility in the Climate Transition' in October, and the 'Post-COP 27 debrief' in November, as well as building relationships with like-minded peers and discussion of strategies for change. Alongside this, our first [Climate Safe Lending Fellowship](#) programme came to an end, with 23 Fellows undertaking a range of workshops, peer coaching, network-building and tailored support. 18 participants joined the new 2023 cohort in January.

We continued to focus on building relationships with campaigners and others pressurising banks from the outside, sharing strategic intelligence with them to sharpen their campaigns. This included sharing insights from the CSLF in our report, [Catalysing bank climate action: Lessons from the inside](#), which was launched at an online event, with 362 bankers, bank stakeholders and campaigners registered. We disseminated the report widely to help stakeholders understand the barriers and opportunities for shifting banks on climate goals. We also designed and recruited for the next Fellowship, which began in January 2023, on the theme of 'credibility in the climate transition.'

During the year, Lydia Hascott, who set up our programme, left after four successful years, and was replaced by Jon Dennis, who brings experience from the finance sector and specialist expertise in sustainable finance.

Shifting mainstream finance (continued)

The difference we made

The Climate Safe Learning Lab continues to create a unique confidential, pre-competitive space for bankers from around the globe to engage on climate, and our work with campaigners and other stakeholders means that we can harness their expertise and commitment to support the wider movement for change in banking. For example, a Chief Risk Officer at a large Middle Eastern bank invited campaigners to speak to their senior leadership team in order to mobilise support for her new Climate Risk Management Strategy.

Our Climate Safe Lending Fellowship programme is building the knowledge, networks, confidence and skills of intrapreneurs acting for climate action within their institutions. 95% of our 2021-22 cohort of the CSLF [reported](#) improvement across objectives such as ability to progress climate action, ability to influence power holders, and expanding networks and connections. Impact was also recorded at fellows' organisations, including: influencing the global risk function of one bank to adopt a climate risk management framework; getting another bank to build climate risk into the client and transaction onboarding due diligence process; and persuading top leaders of another bank to embed climate into their bank's core strategy.

One fellow, a sustainability director at a bank said "this Fellowship has been instrumental in shaping my thinking and making progress on topics that we haven't done in the past."

Making law, regulation and policy work for people and planet

The financial system is not like most other systems, as the policy and regulatory structure is essential for defining the playing field and rules of the game, and aligning the system to environmental and social goals. These rules may help maintain the status quo but they also hold the key to creating or incentivising major transformative change to the system.

Our 2030 goals are that the ability of civil society organisations to influence finance-related law, regulation and policy is significantly increased; and that financial regulation, law, policy and industry standards support and oblige financial institutions to align to the Paris Agreement and just transition principles.

What we did

The government's sweeping reforms to financial sector regulation picked up pace in 2023, as did our work to mobilise our community to influence the purpose of that regulation to improve social and environmental outcomes. We led the Finance for our Future campaign to try to introduce, for the first time, a duty for regulators to legally prioritise the climate and financial inclusion, and remove the proposed 'international competitiveness' objective, which would make regulators cheerleaders for the industries they are supposed to regulate.

We launched the campaign with a [joint statement](#) in February, supported by 37 organisations, alongside public polling that led to 16 articles in targeted media outlets, including [Business Green](#), [City AM](#), [The FT](#), [Politico](#), and [Reuters](#), an op-ed in [Financial News](#), a Sky News interview, and 10 articles by partners. This was supported by responses to HMT's review [by the Lab](#), and four influential organisations we supported: Which?, WWF, Client Earth, and the Grantham Research Institute. We led a working group that met fortnightly for the rest of the year, to discuss campaign strategy and delivery.

In May we partnered with the Balanced Economy Project to write and coordinate the publication of an [open letter](#) from 59 economists, which led to further press coverage.

In July, we [launched](#) a campaign website – [Finance for Our Future](#) – to coincide with the publication of the Financial Services and Markets Bill, supported by over 40 CSOs and cross-party MPs such as [Emma Hardy](#), [Kevin Hollinrake](#), and [Caroline Lucas](#). We then held numerous bilaterals with politicians and their advisors, distributed tailored briefings, and submitted evidence at key points during the Bill's passage through parliament. Lab-led publications included: a [climate-focused briefing](#) for MPs with ShareAction and WWF; our Bill [committee evidence](#); and a [briefing for peers](#) ahead of Second Reading in the Lords.

We also made the case for change in a variety of forums, including debating UK Finance alongside FT editor Martin Wolf at [a parliamentary event](#), making the case for a climate objective to private sector representatives and politicians at a private roundtable held by Bankers for Net Zero in November. We consistently supported coalition partners in their work on the campaign, including, for example Positive Money's major report [The Power of Big Finance](#), [a letter](#) to the PM about the UK's new Green Finance Strategy, and presenting at a Transparency Taskforce event.

Making law, regulation and policy work for people and planet (continued)

What we did (continued)

We mobilised influential people, both directly and with campaign partners to support our campaign, including major insurance company [Aviva](#) and partner firms, the [Fair Business Banking APPG](#), the [Financial Services Consumer Panel](#), [Professor Sir John Kay](#), and [Sir John Vickers](#). We helped a variety of people write and place op-eds, including by [Kevin Hollinrake MP](#), [Sir Vince Cable](#), [Ann Pettifor](#), [Alison Thewliss MP](#), [Mayor Jamie Driscoll](#), [Professor Sir John Kay](#), and [Wera Hobhouse MP](#).

Alongside this campaign, we held trimesterly Transforming Finance and Transforming Data Network meetings, and continued to produce our *Policy Forward Look* document, shared with over 170 people from key allied organisations to increase our community's knowledge of the complex policy and regulatory agenda, in order to more effectively advocate for reform. We also continued to build our networks and connections, including meeting regularly with senior officials at every major regulatory institution (FCA, PRA, HMT) as well as the Financial Services Consumer Panel and others.

The difference we made

We forced the government to have to publicly defend its proposals and be subjected to scrutiny and critique. John Glen MP (then City Minister) was questioned on our joint statement at a Treasury Select Committee. He acknowledged our concerns and said they were being considered carefully. In May, Lords raised our concerns with the Bill following the Queen's Speech, and HMT officials told us they were taking our campaign seriously. Two key newspapers have aligned with our campaign at editorial level – the FT and The Guardian.

In June, thanks to our work, the Treasury Select Committee came out against competitiveness objectives for regulators, and for an inclusion duty, and specifically referenced our campaign and the economist's letter as evidence. In September, our campaign featured as the lead opposition to the Bill in the House of Commons Library briefing, and cross-party MPs briefed by our coalition raised our concerns at the second reading of the Bill. At the Committee stage of the Bill in the House of Commons, our campaign was referenced multiple times, partners gave oral evidence and spoke about our issues, an amendment on inclusion was tabled with cross-party support, and attempts to worsen the competitiveness objective proposal were defeated.

Despite the vast majority of financial firms and sector trade bodies lobbying for regulators to be given new *primary* objectives to promote the competitiveness of the industry (we know this from an FOI request by InfluenceMap and conversations with MPs), the FSM Bill (published in July) included just new *secondary* objectives, with competitiveness no longer standing on its own, but being part of a broader and less damaging objective focusing on growth. Evidence of our impact came in July, when the Bank of England publicly welcomed our campaign for positively influencing the outcome of the proposed competitiveness objective.

Making law, regulation and policy work for people and planet (continued)

The difference we made (continued)

In addition to the work on the Bill, we had a range of other successes in changing institutions and narratives. For example, in December, we were able to coordinate a media response to the government's 'Edinburgh Reforms' with partners that changed the media narrative about the proposals over the course of the day - with the risk of another financial crash featuring in all coverage. After engagement with the Lab, the Prudential Regulation Authority (PRA) which sets rules for banks, is now formally consulting on how they can better engage stakeholders, including from civil society.

Our Transforming Finance and Data networks have been acknowledged by members as allowing for greater oversight over key policy developments, helping them identify new connections between their work, and providing hope and a sense of community. A member of the Financial Services Consumer Panel described the *Policy Forward Look* as "a prodigious piece of work" that he reads closely every month and gives him more info than he'd glean from FCA communication.

Building our community of changemakers

We build the power of our community by developing its size and diversity, facilitating connections, nourishing the people within it, advancing new thinking, and by supporting the development and growth of initiatives for change.

Our 2030 goal is that our community of committed and connected systems-changemakers have demonstrated their power to transform the financial sector and grow purpose-driven finance, shift mainstream finance, shrink unaccountable finance, and influence law, regulation and policy.

What we did

In 2022, we continued to share insights from our community via our newsletter, blogs and social media channels, and supported them with our monthly round-up of finance news. Due to difficulties recruiting, the Head of Community post remained vacant during the year, so the impact of the programme was mostly seen within the other three programmes. 2023 will see us welcome a new Director of Programmes and Campaigns, who will be devising a detailed strategy for the programme, likely focused on convening discussions on the future of finance, and building the capacity of the Lab and our community to influence the public narrative around the purpose of finance.

Shaping the debate

In addition to various short articles available on the Lab's website, we issued the following publications across our four programmes:

- In February, we coordinated a **joint statement from 36 organisations**, responding to the Treasury's Financial Services Future Regulatory Framework proposals. In the same month, we submitted a **response to HMT's Phase III consultation for the Financial Services Future Regulatory Framework Review**, and produced an **MP briefing** on the topic *Why 'competitiveness' objectives for regulators risk UK finance success*.
- In April, the Lab published an **MP briefing** with partners Fair by Design and the Fair Business Banking APPG: *Financial Services Bill 2022: An Opportunity to Future-proof Finance*. The following month we published a briefing on the Queen's Speech outlining the bill's **once-in-a-generation opportunity to legislate for action on climate and nature**
- In July, we published a report outlining ***Why Levelling Up Requires Purpose-Driven Finance Organisations***
- Also in July, we published our **insights report outlining learnings from the banking professionals** involved in our Climate-Safe Learning Fellowship, on encouraging their institutions to take greater climate action
- In October, we published our ***Fellowship: Incubation that can change a system*** guide outlining our fellowship programme and exploring the role of incubation in systems change
- In November, we published a **briefing summarising research on how the UK public perceive the finance industry** and its regulation, as a first step in exploring how we might shift the public debate on financial reform in order to support progressive change
- Also in November, we produced a **parliamentary briefing on how financial exclusion in the UK could be tackled** through the introduction of a Community Reinvestment Act
- We continued producing a **regular summary and analysis of all major financial sector policy, regulatory and legislative processes**, alongside briefings with organisations, journalists, and policy makers to share insights from it

In recognition of the Lab's expertise, our team are frequently cited or asked to share their expertise in various settings. Examples in 2022 include Lab staff speaking at meetings organised by Fair Business Banking APPG, the Chartered Banker Institute's webinar exploring: How can civil society have a greater voice in financial regulation? and at the Barclays Bank employee sustainability network. We were widely quoted in the media and had pieces carried by a variety of publications including the Financial Times, Financial News London, the Independent, the Times and elsewhere.

2023 and beyond

2022 saw us take forward our strategy (available from our website at: <http://filab.uk/ourstrategy>) across all four of our programmes. This momentum will continue into 2023, with key plans including:

- delivering our Fair Banking for All campaign securing commitment to a Fair Banking Act – mandating banks and regulators to support financial inclusion - in the campaign manifestos of the main political parties ahead of a general election, expected in 2024
- initiating and developing our community of people with lived experience of financial exclusion, using the Fair Banking for All campaign as an impetus but with the intention to develop relationships for the longer term
- undertaking a strategic review of our *Shifting Mainstream Finance* programme, as we welcome our new Head of Climate-Safe Banking, with particular focus on how we engage directly with banks and the broader movement
- continuing to build a valued, reflective and action-oriented space for climate champions inside big banks through the Climate Safe Lending Fellowship and Learning Lab
- continuing our work seeking to improve the Financial Services and Markets Bill and ongoing major programme of financial regulatory reform to ensure social and environmental outcomes are prioritized
- supporting individuals and organisations representing the public interest to improve financial sector policy making, with the publication and analysis of policy information and key developments, through our *Policy Forward Look* publications, and Transforming Finance and Transforming Data network meetings
- finalising our detailed monitoring, evaluation and learning approach for each of the four programmes of work, and report on this more fully on our website and annual report
- continuing building and supporting our community of those inside and outside the financial sector who want to transform finance, through outreach, activities and events, and ongoing thought engagement work, including developing an ambitious future agenda for transformative financial systems change.

The impact of COVID-19

Covid-19 continued to change working practices and impact industry across sectors and countries in 2022. In line with guidance, the trustees have identified the key impacts of this crisis on the Lab to date as follows:

Charitable activities

The majority of our events continued to take place online rather than in person, allowing us to make them more inclusive for different audiences, and to invite attendees from across the country (and in some cases, the world). We hosted our first in-person event since the start of the pandemic in October, and going forward plan to hold a mix of online, in-person and hybrid events.

Fundraising and finance

We were fortunate to avoid most of the acute financial stresses the pandemic inflicted on the sector, and in 2022 our funding continued to be relatively stable with key funders – whose support we are extremely grateful for – providing new grants and renewing existing grants for each of our programmes.

Staff, volunteers and operations

Throughout the pandemic our priority has been the wellbeing of our team, board, volunteers and wider community, to ensure we can continue working towards our goal of transforming the financial system for people and planet. During 2022, we experienced staffing shortages due to long-Covid, which took a toll on capacity and highlighted the ongoing risks posed by the disease. The team continued to work on a hybrid basis, and our reduced office space reflected this.

Ongoing impact

We continue to adapt and refocus our work based on a vision for the future of finance post-COVID, and see this as an opportunity to accelerate our work of challenging and changing narratives and norms about finance.

Our structure and governance

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

Our Board

The board can consist of up to fourteen trustees, all able to serve two terms of three years. Sub-committees of the board are convened to expedite the execution of duties. Current sub-committees are the Finance and Operational Risk committee, which meets quarterly, and the Communications and Fundraising Committee, which meets twice a year. In addition, the Chair and Vice Chairs met together with the CEO and Director of People, Resources and Operations every other month.

Our structure and governance (continued)

Our Board (continued)

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

Brhmie Balaram	Resigned 24 May 2022
David Bartram	
Christopher (Kit) Beazley (Chair)	
Simon Borkin	Resigned 25 February 2022
Katherine Boswell	
David Carrington	Resigned 31 January 2023
Mikael Down	
Emma Faulkner	Appointed 31 January 2023
Nana Francois	
Casey Lord	Resigned 30 May 2023
Alice Merry	
Katherine Ormiston Smith (Treasurer)	
Amit Shah	

Our team

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

The Lab team during 2022 was:

Jesse Griffiths	Chief Executive Officer
Rebecca Sumner Smith	Chief Operating Officer
Holly May	Director of People, Resources and Operations (from 12 December 2022)
Marloes Nicholls	Head of Policy and Advocacy
Lydia Hascott	Head of Intrapreneurship (until 8 September 2022)
Jon Dennis	Head of Climate-Safe Banking (from 12 December 2022)
Sam Rex-Edwards and Kay Polley	Head of Movement Building and Campaigns (job-share)
Thomas Shields	Policy and Public Affairs Manager (from 28 March 2022)
Alexandra Spencer	Intrapreneurship Programme Manager
Yvonne Morris	Operations and Events Manager
Sarah Emm	Finance Manager (from 16 September 2022)
Gurjinder Khambay	Programme and Communications Officer (from 28 March 2022)

Our structure and governance (continued)

Our team (continued)

Key management personnel during the year were Jesse Griffiths, Rebecca Sumner Smith and Holly May.

The core team grew to an average of 10 employees in 2022 from 6 the year before. This mirrors growth in our income and impact, as we take steps towards the ambitious goals set out in our 2030 strategy.

Remuneration is reviewed and agreed annually by the trustees with reference to salary bands which have been set after consideration of external benchmarking. The Lab is an accredited Living Wage employer and we are committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain people with the right skills to have the greatest impact in delivering our charitable objectives.

We also worked with a range of freelancers during the year who brought invaluable insight and skill to our work, including: David Fagleman, Charlotte Millar, Anna Fielding, Natalie Tucker, Mark Hemingway, Katherine Darling, Anna Johnston, Jacqueline Lim, Sarah King, Daniel Stanley, Natalie Tucker, Christine Berry, and Rebecca Self.

Compliance with the Charity Governance Code for smaller charities

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

The Lab is committed to the aims of the Code. As such, the trustees have resolved to adopt the Code and the Principles as a tool to identify areas to focus on. An updated version of the Code was released in December 2020, and in early 2021 the trustees engaged in a review of the Lab's governance in line with the Code practice. As a result of this we identified diversity, inclusion, equity and justice as a key area of focus (see below).

Diversity, inclusion, equity and justice (DIEJ)

The Lab is committed to providing equality and fairness for all and not to discriminate on any basis, including gender, marital status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, mental health, religion or age. From the outset, the Lab has worked to build a culture which is open and inclusive, and actively to support diversity, inclusion, equity and justice in our internal practices as well as our programmatic work.

As part of our work on the updated Charity Governance Code, the Lab set up a working group consisting of board and team members to deepen our work in this area, and to begin preparation of a DIEJ plan. This work is ongoing. Building on a previous diversity survey of the Lab's community, in 2022 we completed a staff diversity survey, took various steps to improve our recruitment and induction processes to support inclusion, and built DIEJ more explicitly into our programme strategies.

Financial review

Where did our money come from?

In 2022, we received income from the following sources:

	2022
Grants and donations	
Partners for a New Economy	£129,764
Friends Provident Foundation	£150,000
Joseph Rowntree Charitable Trust	£55,000
Tudor Trust	£30,000
The Sunrise Project	£146,329
Network for Social Change	£20,000
Barrow Cadbury Trust	£50,500
Joffe Charitable Trust	£30,000
Laudes Foundation	£99,993
Multiplier	£40,216
Other	£195
Consultancy Income	£ 50,709
Participant contributions & sponsorship	-
Interest and reimbursed expenses	£73
Total	£802,779

Financial review (continued)

What did we spend it on?

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

Pre-COVID, our biggest areas of spend outside of people costs were venue hire and hosting costs for our workshops, conferences, roundtables, events and residential retreats for programmes like our Fellowship. Our largest areas of spend in 2022 were rent, IT, accounting and communications costs.

	2022
Staff costs	£451,930
Freelance staff	£149,072
Rent, IT and other running costs	£81,021
Accountancy, audit and legal fees	£25,691
Venues and hosting events	£2,264
Communications and research	£25,875
Meetings, travel and subsistence	£6,450
Total	£742,303

Results for the year

Total income for the year was £802,779 (2021 - £562,912) of which £285,977 was unrestricted (2021 - £196,302) and £516,802 was restricted (2021 - £366,610). Unrestricted expenditure was £276,929 (2021 - £155,004) resulting in a surplus on unrestricted funds for the year after transfers of £9,048 (2021 – surplus of £41,298). Restricted expenditure was £465,374 (2021 - £302,431) resulting in a surplus on restricted funds for the year after transfers of £51,428 (2021 – surplus of £64,179).

Our financial position

The trustees set the Lab's target reserves at a level sufficient to ensure our financial stability and ability to meet our charitable objectives for the foreseeable future. Our target is to maintain reserves at a level that is at least equivalent to three months' core operational expenditure. The trustees review the amount of reserves that are required on a quarterly basis.

At 31 December 2022, the Lab had unrestricted free reserves of £122,980, which represented 44% (or 5.32 months) of core operational expenditure. Having reviewed both the policy and reserves level, the trustees consider the level of reserves held to be appropriate.

Principle risks and uncertainties

The Trustees actively review both the strategic and operational risks that the Finance Innovation Lab faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation.

Principle risks and uncertainties (continued)

Principle risks and uncertainties facing the Lab during 2022 included:

- ◆ The **risk of having insufficient funding and staff** to deliver our ambitious programme of work, leading to the potential for staff burnout and/or poor quality delivery. This risk is actively mitigated in a number of ways, including various policies to support staff welfare, active workload management, and seeking additional funding sources to alleviate pressure rather than simply add additional requirements into our work.
- ◆ The **risk of long-term staff sickness** impacting the ability of the Lab to deliver. This is particularly relevant given we are a small team and given the ongoing impacts of the Covid-19 pandemic. We mitigate this risk similarly to the above – working to ensure there is capacity within the team and budget to flex to unforeseen circumstance – alongside a comprehensive business continuity plan.

The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks.

The Finance and Operational Risk Committee (FORC) of the Board of Trustees regularly reviews the Lab's risk register. The FORC's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk. The risk register is also reviewed regularly by the Board of Trustees.

Thank you

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

We didn't take this on because it's easy to achieve or easy to fund. We took it on because we believe that transforming the financial system is the key to tackling all of the major challenges we face, from the climate and nature crisis, to inequality, poverty, marginalisation and exclusion.

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

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

- ◆ The Lab team and trustees.
- ◆ Our funders, donors and supporters in the UK and beyond.
- ◆ Our Senior Fellows: Bertrand Beghin, Christine Berry, Fran Boait, Gemma Bone Dodds, Diane Burridge, Martin Campbell, Bruce Davis, Simon Deane-Johns, Anna Fielding, Tony Greenham, Julia Groves, Malcolm Hayday, Nonhlanhla Makuyana, Reema Patel, Faith Reynolds, Karl Richter, Brett Scott, James Vaccaro, Emma Vartolomei and Bryan Zhang.
- ◆ The Lab's founding partners, WWF-UK and ICAEW.
- ◆ The Lab's co-founders: Charlotte Millar, Jen Morgan, Rachel Sinha and Richard Spencer.

Statement of trustees' responsibilities

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

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

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

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

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

Each of the trustees confirms that:

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

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

Statement of trustees' responsibilities (continued)

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

Approved by the trustees of the charity on 24-Jul-2023

and signed on its behalf by:

Kate Ormiston Smith

Kate Ormiston Smith (Jul 24, 2023 15:20 GMT+1)

Kate Ormiston Smith

Trustee

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

Opinion

We have audited the financial statements of Finance Innovation Lab (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the cash flow, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

Responsibilities of trustees (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- ◆ 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;

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

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

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

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

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

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

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

Use of our report

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



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

Date: 25 July 2023

Statement of financial activities (incorporating income and expenditure account)
Year ended 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £
Income from:				
Donations	3	235,195	516,802	751,997
Charitable activities	4	50,709	—	50,709
Investment income		73	—	73
Total income		<u>285,977</u>	<u>516,802</u>	802,779
Expenditure on:				
Raising funds	6	(20,866)	(26,945)	(47,811)
Charitable activities	5	(256,063)	(438,429)	(694,492)
Total expenditure		<u>(276,929)</u>	<u>(465,374)</u>	(742,303)
Net income and net movement in funds		<u>9,048</u>	<u>51,428</u>	60,476
Reconciliation of funds				
Total funds brought forward		126,958	115,298	242,256
Total funds carried forward	17,20	<u>136,006</u>	<u>166,726</u>	302,732

Comparative figures for the year ended 31 December 2021:

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £
Income from:				
Donations	3	155,078	366,610	521,688
Charitable activities	4	41,224	—	41,224
Total income		<u>196,302</u>	<u>366,610</u>	562,912
Expenditure on:				
Raising funds	6	(13,966)	(23,250)	(37,216)
Charitable activities	5	(141,038)	(279,181)	(420,219)
Total expenditure		<u>(155,004)</u>	<u>(302,431)</u>	(457,435)
Net income and net movement in funds		<u>41,298</u>	<u>64,179</u>	105,477
Reconciliation of funds				
Total funds brought forward		85,660	51,119	136,779
Total funds carried forward	17,20	<u>126,958</u>	<u>115,298</u>	242,256

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

Balance sheet As at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible fixed assets	13	13,026	7,488
Current assets			
Debtors	14	2,823	550
Cash at bank and in hand		369,889	269,881
		372,712	270,431
Creditors: amounts falling due within one year	15	(83,006)	(35,663)
Net current assets		289,706	234,768
Net assets		302,732	242,256
Funds of the charity:			
Restricted funds	20	166,726	115,298
Unrestricted funds		136,006	126,958
Total funds	17	302,732	242,256

The financial statements on pages 29 to 41 were approved by the trustees, and authorised for issue on 24-Jul-2023 and signed on their behalf by:

Kate Ormiston Smith
[Kate Ormiston Smith \(Jul 24, 2023 15:20 GMT+1\)](#)

Kate Ormiston Smith

Trustee

Finance Innovation Lab: A company limited by guarantee. Company Registration No. 09380418 (England and Wales).

Statement of cash flows Year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	109,224	115,558
Cash flows from investing activities:			
Interest received		73	—
Purchase of tangible fixed assets		(9,289)	(4,661)
Net cash provided by investing activities		(9,216)	(4,661)
Change in cash and cash equivalents in the year		100,008	110,897
Cash and cash equivalents at 1 January 2022	B	269,881	158,984
Cash and cash equivalents at 31 December 2022	B	369,889	269,881

Notes to the statement of cash flows for the year to 31 December 2022.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	60,476	105,477
Adjustments for:		
Interest receivable	(73)	—
Depreciation charge	3,751	1,933
(Increase) decrease in debtors	(2,273)	2,251
Increase in creditors	47,343	5,897
Net cash provided by operating activities	109,224	115,558

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	369,889	269,881
Total cash and cash equivalents	369,889	269,881

C Analysis of changes in net debt

	2021 £	Cash flows £	2022 £
Cash at bank and in hand	269,881	100,008	369,889
	269,881	100,008	369,889

1 Charity status

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

2 Principal accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

Going concern

The trustees have considered the impact of the cost of living crisis on the charity and put measures into place to ensure the Lab can continue its operations as described in the trustees report. Although all of the future fundraising is not yet confirmed, given existing funding commitments in place the trustees consider there are currently no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Income

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

Donations

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

Grants receivable

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

2 Principal accounting policies (continued)

Expenditure

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

Raising funds

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

Charitable activities

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

Governance costs

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

Taxation

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

Tangible fixed assets

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

Depreciation and amortisation

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

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

2 Principal accounting policies (continued)

Trade debtors

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

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

Cash and cash equivalents

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

Trade creditors

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

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

Fund structure

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

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

3 Income from donations

	Unrestricted funds £	Restricted funds £	Total 2022 £
Grants from:			
- Charities	235,000	516,802	751,802
- Individuals	195	—	195
	235,195	516,802	751,997
	Unrestricted funds £	Restricted funds £	Total 2021 £
Grants from:			
- Charities	155,000	366,610	521,610
- Individuals	78	—	78
	155,078	366,610	521,688

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £
Consultancy (social and sustainable finance and financial reform)	50,709	—	50,709
	50,709	—	50,709
	Unrestricted funds £	Restricted funds £	Total 2021 £
Consultancy (social and sustainable finance and financial reform)	41,224	—	41,224
	41,224	—	41,224

5 Expenditure on charitable activities

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £
Direct costs		28,007	25,169	53,176
Staff costs	11	81,902	273,140	355,042
Freelance staff		13,239	135,833	149,072
Allocated support costs	7	132,915	4,287	137,202
		256,063	438,429	694,492
	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £
Direct costs		7,837	6,117	13,954
Staff costs	11	60,015	175,334	235,349
Freelance staff		9,260	66,736	75,996
Allocated support costs	7	63,926	30,994	94,920
		141,038	279,181	420,219

6 Expenditure on fundraising costs

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £
Staff costs	11	7,955	26,529	34,484
Allocated support costs	7	12,911	416	13,327
Total		20,866	26,945	47,811

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £
Staff costs	11	6,763	19,757	26,520
Allocated support costs	7	7,203	3,493	10,696
Total		13,966	23,250	37,216

7 Support costs

	Notes	Fundraising costs £ Note 6	Charitable activities £ Note 5	Total 2022 £
Governance	8	553	5,691	6,244
Staff costs	11	5,525	56,879	62,404
Finance		25	255	280
IT		1,099	11,317	12,416
Legal and Professional		5,274	54,300	59,574
Establishment		842	8,672	9,514
Other		9	88	97
Total		13,327	137,202	150,529

	Notes	Fundraising costs £ Note 6	Charitable activities £ Note 5	Total 2021 £
Governance	8	458	4,066	4,524
Staff costs	11	4,829	42,854	47,683
Finance		20	178	198
IT		780	6,920	7,700
Legal and Professional		2,985	26,495	29,480
Establishment		1,608	14,266	15,874
Other		16	141	157
Total		10,696	94,920	105,616

8 Governance costs

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £
Board costs	10	—	244	244
Audit fees	9	4,840	1,160	6,000
Total	7	4,840	1,404	6,244

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £
Board costs	10	—	88	88
Audit fees	9	95	4,345	4,440
Total	7	95	4,433	4,528

9 Net income

Net income for the year is stated after charging:	Notes	2022 £	2021 £
Audit fees	8	6,000	4,440
Operating leases – land and buildings		4,822	13,326
Depreciation		3,751	1,933

10 Trustees' remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year (2021: Nil).

No other trustees have received any other benefits from the charity during the year (2021: Nil).

Expenses totalling £87 (2021: £nil) for board meeting venue costs and refreshments was spent during the year.

Four trustees (2021: one) were reimbursed expenses of £156 (2021: £88) for travel to meetings.

Gifts to the total value of £97 (2021: £157) were provided to three trustees on their retirement from the Lab or subsequent to suffering a bereavement.

11 Staff costs

The aggregate payroll costs were as follows:

Staff costs during the year were:	2022 £	2021 £
Wages and salaries	392,493	267,055
Social security costs	39,688	29,223
Employer pension contribution	19,749	13,274
	451,930	309,552

11 Staff costs (continued)

Key management personnel remuneration, which includes employer's National Insurance and pensions, for the year was £158,364 before tax (2021: £141,995).

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

	2022 No	2021 No
Average number of employees	10	6

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

	2022 No	2021 No
£60,000 - £70,000	1	1
£70,000 - £80,000	1	0

12 Taxation

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

13 Tangible fixed assets

	2022 Total (computer equipment) £
Cost	
At 1 January 2022	14,675
Additions	9,289
Disposals	—
At 31 December 2022	23,964
Depreciation	
At 1 January 2022	7,187
Charge for the year	3,751
Disposals	—
At 31 December 2022	10,938
Net book value	
At 31 December 2022	13,026
At 31 December 2021	7,488

14 Debtors

	2022 £	2021 £
Prepayments and rental deposits	2,823	550

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	44,810	3,907
Other taxation and social security	11,730	8,889
Accruals and deferred income	26,466	22,867
	83,006	35,663

16 Financial commitments

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

	Land and Buildings 2022 £	Land and Buildings 2021 £
Operating lease payments due within 1 year	—	—

17 Funds

	Balance at 1 January 2022 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2022 £
Unrestricted funds					
General	126,958	285,977	(276,929)	—	136,006
Restricted funds	115,298	516,802	(465,374)	—	166,726
Total funds	242,256	802,706	(742,303)	—	302,732

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2021 £
<i>Unrestricted funds</i>					
General	85,660	196,302	(155,004)	—	126,958
Restricted funds	51,119	366,610	(302,431)	—	115,298
Total funds	136,779	562,912	(457,435)	—	242,256

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Tangible fixed assets	7,313	5,713	13,026
Net current assets	128,693	161,013	289,706
Total net assets	136,006	166,726	302,732
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>2021 Total funds £</i>
<i>Tangible fixed assets</i>	<i>4,090</i>	<i>3,398</i>	<i>7,488</i>
<i>Net current assets</i>	<i>122,868</i>	<i>111,900</i>	<i>238,858</i>
<i>Total net assets</i>	<i>126,958</i>	<i>115,298</i>	<i>242,256</i>

19 Analysis of net funds

	At 1 January 2022 £	Net cash flow £	At 31 December 2022 £
Cash at bank and in hand	269,881	99,935	369,816
Net debt	269,881	99,935	369,816
	<i>At 1 January 2021 £</i>	<i>Net cash flow £</i>	<i>At 31 December 2021 £</i>
<i>Cash at bank and in hand</i>	<i>158,984</i>	<i>110,897</i>	<i>269,881</i>
<i>Net debt</i>	<i>158,984</i>	<i>110,897</i>	<i>269,881</i>

20 Restricted funds

Fund	Balance at 1 January 2022 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2022 £
Barrow Cadbury Trust	17,783	50,500	(55,783)	—	12,500
Partners for a New Economy	54,156	129,764	(122,892)	—	61,028
Joffe Charitable Trust	14,917	30,000	(29,917)	—	15,000
The Sunrise Project	12,339	146,329	(112,780)	—	45,888
Green America	16,103	—	(16,103)	—	—
Network for Social Change	—	20,000	(20,000)	—	—
Laudes Foundation	—	99,993	(67,683)	—	32,310
Multiplier	—	40,216	(40,216)	—	—
Total restricted	115,298	516,802	(465,374)	—	166,726

20 Restricted funds (continued)

<i>Fund</i>	<i>Balance at 1 January 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfer between funds £</i>	<i>Balance at 31 December 2021 £</i>
<i>Barrow Cadbury Trust</i>	19,282	49,750	(51,249)	—	17,783
<i>Tudor Trust</i>	—	52,000	(52,000)	—	—
<i>Paul Hamlyn Foundation</i>	4,179	—	(4,179)	—	—
<i>Partners for a New Economy (2020 – 2022)</i>	27,658	112,498	(86,000)	—	54,156
<i>Joffe Charitable Trust</i>	—	30,000	(15,083)	—	14,917
<i>The Sunrise Project</i>	—	50,362	(38,023)	—	12,339
<i>Green America</i>	—	72,000	(55,897)	—	16,103
<i>Total restricted</i>	<u>51,119</u>	<u>366,610</u>	<u>(302,431)</u>	<u>—</u>	<u>115,298</u>

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

Barrow Cadbury Trust, Network for Social Change, Laudes Foundation and Joffe Charitable Trust – project grants for our programme focusing on financial policy and regulation.

The Sunrise Project, Green America and Multiplier - project grants for our programme focusing on shifting mainstream finance.

21 Related party transactions

Other than as disclosed in note 10, there were no related party transactions to report in 2022 (2021 – none).