



Annual Report and Financial Statements

(A company limited by guarantee)

31 December 2018

Company Registration Number
9380418 (England and Wales)

Charity Registration Number
1165269 (England and Wales)

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Reference and administrative details

Trustees	Susan Charman Caroline Ellis Katherine Ormiston Smith Brhmie Balaram Christopher Beazley Simon Borkin Katherine Boswell David Carrington Nana Francois Casey Lord Laurie Macfarlane Amit Shah Marsha Taylor-Daniel
Chief Executive Officer	Anna Laycock
Principal Address	2 Northdown Street London N1 9BG
Company registration number	9380418
Charity registration number	1165269
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	Unity Trust Bank PO Box 7193 Planetary Road Willenhall WV1 9DG

The Trustees, who are Directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out on pages 18 to 21 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 purpose

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

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

Democratic	a more diverse financial system, where people have a greater sense of control over their money
Responsible	capital flows to the places, people and projects that are creating positive impact on society and the environment
Fair	a financial system that facilitates a just society

The need

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

It doesn't have to be this way.

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

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

What we do

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

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

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

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

Charitable objects

The objects of the Charity are for the public benefit:

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

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

1.2 Promoting sustainable development by:

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

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

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

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

Public benefit

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

Our work in 2018

In 2018 we made significant progress in delivering our strategy for systems change in finance. We advanced the debate on the responsible use of AI and Open Banking in finance, recruited 16 outstanding innovators to our Fellowship programme, launched a groundbreaking report on purpose-led financial regulation, and began developing new programmes for intrapreneurs and our wider community of practice. We also attracted a major new strategic grant, grew our team, and laid the foundations for increasing our leadership and board capacity in 2019.

Incubating purpose-led innovators

What we did

Following the outstanding success of our 2017 Fellowship – and recognising how much the impact of our incubation work depended on the quality of our participants – we moved to a two-year Fellowship cycle, with the first year focused on building the pipeline of ideas, innovators and networks that would feed into the incubation phase.

In 2018 we ran two roundtables and four ideation events in London, Bristol and Edinburgh, generating ideas and design principles around ethical AI in finance, poverty and the data revolution, inclusive financial innovation, and sustainable financial innovation. Our partners for these events were, respectively, Ada Lovelace Institute, Fair By Design, UCL Institute for Innovation and Public Purpose, and Climate Safe Lending.

Drawing on the learning and contacts built through our workshops, in October we launched Lab Fellowship 2018-19, focused on the theme of data. After extensive outreach and a record number of applications, we introduced a bootcamp stage to connect high-potential applicants, assess their suitability for the programme, and offer rapid feedback from a panel of volunteer experts.

It's an outstanding innovation hothouse, providing a vital and unique opportunity for new thinking, new leaders, and new action in finance for social benefit... The Finance Innovation Lab is creating the seedcorn of the future we need in the world of finance.

CEO of social investment wholesaler

Finally, drawing on our experiences of the 2017 Financial Health Fellowship, we began writing a practice guide to co-creation in financial innovation. This guide shares what we learnt about engaging end users in the process of designing financial products and services, particularly the importance of giving them a meaningful stake in the process, rather than extracting knowledge from them without any accountability to community members.

The difference we made

Our roundtables and ideation events were all fully booked, with around 60% of participants new to the Lab. They generated 14 ideas for innovations that tackle social and environmental problems; we plan to hold a sprint in 2019 to progress the key ideas and themes emerging from the events.

The events also had important impacts on attendees – for example, a major pensions provider is reviewing their data governance as a result of attending our ethical AI session – and facilitated new relationships between sectors. As a result of our work, for example, Privacy International are now advising a major bank on responsible data use.

The discussion was really useful and constructive. I was particularly struck by the recurring theme about the importance of governance and oversight to ensure good practice, and to help build trust.

Head of Research and Data at a major pension provider, after ethical AI roundtable

As a result of the Open Banking roundtable, we were invited to work with the Open Banking Implementation Entity (OBIE) to organise the first Open Banking Convention, aiming to put the needs of customers at the heart of data-driven fintech. We also led (with 16 other civil society organisations) the development of the Open Banking Consumer Manifesto, a set of principles for putting people's needs at the heart of fintech, which has been shared widely among fintechs and even hangs on the wall of a global credit ratings agency.

We appointed 16 new Fellows working on 10 projects, including an app dedicated to impact investment, an ethical trade finance platform that seeks to improve labour practices in global supply chains, and an AI-powered system to increase the reach and efficiency of responsible lenders. We believe our 2018-19 Fellows are the strongest cohort recruited to date, reflecting our increased investment in outreach and community-building, and our growing reputation.

Supporting intrapreneurs

In March 2018 we secured strategic funding from Partners for a New Economy, which enabled us to begin working on this programme later in the year. We recruited a Head of Intrapreneurship at the end of August, whose focus for the rest of the 2018 was on building a network of contacts in mainstream finance, understanding their needs and challenges, and scoping a set of pilot interventions for 2019.

We are taking a deliberately iterative approach to this work: rather than building and launching a structured programme, we are trialling a range of events, workshops and services, to establish whether they can generate positive impact and income, in a way that aligns with our overall mission. This work is overseen by an advisory group that includes members of the board and key figures in the sustainable finance sector.

In early 2018, we became the new hosts of Finance Matters, a community of London-based finance professionals seeking to maximise their positive impact. Given the focus of the Finance Matters community and the appeal of the brand, we launched our intrapreneurship programme under the Finance Matters brand in December 2018 and we are building the Finance Matters community through this work.

During the year we also completed our work on the course materials for the Chartered Banker Institute's Green Finance Certificate, the world's first professional qualification in green finance. This was launched in July 2018 and has proven to be one of the Institute's most popular qualifications. The text is rooted in an understanding of the economy as part of and servant to the wider economy, society and the environment, and includes discussion of limits to growth, climate risk, divestment, and the role of finance in the transition to a more sustainable economy.

Banking and finance face many challenges, but few if any as potentially disruptive but at the same time ultimately constructive as the challenges to our status quo offered by the Finance Innovation Lab. Seeking to bring genuine social purpose to finance, the Lab offers both philosophical and practical alternatives, successfully bringing civil society and industry perspectives together to seek, define and pilot radical solutions.

CEO of Chartered Banker Institute

Building our community

In May we appointed our first Community Manager, with a remit to grow and strengthen the impact of our community, as well as maximising the community's contribution to the Lab's mission. The rest of the year was focused on research and engagement with the existing community, particularly Fellowship alumni and Senior Fellows, and developing our new community strategy, which we launched in 2019.

What the Lab fundamentally gives is hope. It's where people like me come to believe there's a better future for finance. The Lab is where we find each other and support each other to make that future a reality.

Head of Crowdfunding at major investment management company

We sought to put diversity at the heart of our community strategy, beginning with our new Women in Financial Innovation network, which enables women to share the barriers they face in the sector and collaborate around opportunities to change the gender balance in finance. We are using our experience of this to create dedicated 'onboarding' events for underrepresented groups in our community, which will also be used to identify how our wider community work needs to change to be as inclusive as possible.

It was a great session... an amazing group of women and I'd love to keep in touch with them, as I believe that by sticking together and collaborating in different ways, we can all make a greater impact on the quest to support more women in finance.

Head of Impact Investment at leading start-up investment platform

Advocacy and influencing

What we did

Building on our experience of supporting innovators focused on social impact, in July 2018 we published a major report, *The Regulatory Compass: Towards a purpose-driven approach to financial regulation*.

This report argued that rather than being 'purpose-neutral', regulation is often designed around the large, shareholder-focused firms that dominate the market. UK regulators and the policymakers who instruct them need to develop a more explicit and more holistic concept of what social purpose means in the context of financial services. Understanding how the financial system is delivering on this ultimate purpose, we argued, requires regulators to have new mandates, rooted in democratic consultation on the purpose of finance; a different mindset, embracing fully human-centred regulation; and new metrics that assess how well the financial system and financial firms are fulfilling their ultimate purposes.

Hats off to the Finance Lab. After producing 100 reports with UN Environment, it's great to see the new Regulatory Compass which gives us a beautifully clear roadmap for social purpose financial regulation.

Professor in Practice in Sustainable Finance and former UNEP Financial Inquiry co-chair

The difference we made

Following the launch of *The Regulatory Compass*, we have begun a revitalised dialogue with the Financial Conduct Authority (FCA), including helping to shape their Green Fintech Challenge. We know of UK and overseas banks who are using the report at board level, the compass concept has featured in an essay for the Vatican Foundation, and it is taught in Coventry University's MSc in Banking and Finance and the University of Liverpool's MBA.

We are using the report as the basis for submissions to relevant regulatory consultations, such as the FCA's consultation on climate change, but believe there is a significant opportunity to use the arguments in the report to influence financial policy and regulation more widely. In 2019 we began fundraising for this work, with a view to scaling up our advocacy activities in 2020.

Shaping the debate

What we did

Throughout the year we spoke at industry events to call for an approach to finance that serves people and planet, with a particular focus on the opportunities and risks of fintech. Highlights included the Innovate Finance Global Summit, the Centre for Responsible Credit's Redesigning Financial Services conference, the Financial Times Climate Finance Summit, the Institute for Social Banking Summer School, and the Said Business School MBA course.

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

The difference we made

We believe that the increasing quantity and profile of our speaking engagements is an indicator of the power and timeliness of our message, and the credibility we have built through our incubation work. In the long term, it remains our goal to build a programme dedicated to amplifying the work of our communities and changing narratives and norms around finance on a wider scale.

Media coverage achieved during the year includes articles on the launch of *The Regulatory Compass* in FT Adviser and Fintech times, among others; an interview with WIRED Magazine on the shift to a cashless society; and features in the Chartered Banker Magazine and Prospect Magazine.

The fact that we were approached directly for all of the key articles listed above is an indicator of the growing reputation of the Lab and the potential that exists to take our message to a wider audience.

New players – ranging from start-ups to big tech companies – can become privy to all the transactions you make from your current account to your credit ... For many, this could well lead to more tailored services. It will be sold to us as "personalised finance" – and it has a dark side... People struggling with their finances may find that they have to pay extra for the money they need more, or even that it's no longer possible to borrow from the formal economy.

Marloes Nicholls, writing for Good With Money

2019 and beyond

In 2019 we will continue to deliver on our 2017-2020 strategy, while beginning to prepare for our next strategic period. It will be a significant year for the development of the Lab as an organisation, with the appointment of our first Chief Operating Officer and a new cohort of Trustees.

Our priorities for 2019 are to:

- Deliver our third Fellowship programme, harness and share key learnings around the responsible use of data, and share key insights with the industry and policymakers
- Pilot a range of intrapreneurship interventions including innovation workshops, leadership retreats and action learning, and evaluate the potential for impact and income generation in line with our mission
- Launch our community strategy, build interest-based learning clusters in our community, and pilot a mutual mentoring programme
- Fundraise to grow our capacity to advocate for a purpose-led approach to financial regulation and policy
- Recruit our new COO, begin diversifying our income sources and secure new core funding agreements.

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

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

OUR STRUCTURE AND GOVERNANCE

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

The Trustees who served during the financial period were:

Christine Jane Berry	Resigned 30 November 2018
Susan Charman	
Bruce Michael Davis	Resigned 16 October 2018
Caroline Ellis (Chair)	
Hanna Naima McCloskey	
Toyin Ogundana	Resigned 31 December 2018
Katherine Ormiston Smith (Treasurer)	
Paul Riseborough	Resigned 16 October 2018
Julian Thompson	

A number of Trustees resigned from their position in the second half of 2018, due to external commitments or personal changes. In the last quarter of 2018 we reviewed our Trustee role descriptions, developed a Vice-Chair role profile and planned a recruitment campaign, which was launched in January 2019. The recruitment was highly successful and as a result we were able to appoint 10 new Trustees in April 2019, including two holding the office of Vice-Chair, with another scheduled to join in September 2019. We believe that the number and quality of applications received is a mark of the Lab's growing reach and reputation.

OUR STRUCTURE AND GOVERNANCE (continued)

Following the year end these Trustees were appointed:

David Carrington	Appointed 8 April 2019
Marsha Taylor-Daniel	Appointed 8 April 2019
Brhmie Balaram	Appointed 30 April 2019
Christopher Beazley	Appointed 30 April 2019
Simon Borkin	Appointed 30 April 2019
Katherine Boswell	Appointed 30 April 2019
Nana Francois	Appointed 30 April 2019
Casey Lord	Appointed 30 April 2019
Laurie Macfarlane	Appointed 30 April 2019
Amit Shah	Appointed 30 April 2019

The Lab team during 2018 was:

Anna Laycock	Chief Executive Officer
Marloes Nicholls	Head of Programmes
Lydia Hascott	Head of Intrapreneurship (from 28 August 2018)
Naomi Alexander Naidoo	Community Manager (from 21 May 2018)
Isabella Coin	Programme and Communications Coordinator (until 17 September 2018)
Rosanna O'Donnell	Team Coordinator (from 15 October 2018)

We also worked with a range of freelancers who brought invaluable insight and skill to our work: Greg Ford, Laurie Macfarlane, Robert McLean, Charlotte Millar, Rob Nash and Kirsty Styles.

Where did our money come from?

In 2018, we received income from the following sources:

	2018	
Grants and donations		
Partners for a New Economy	£133,436	42%
Friends Provident Foundation	£60,000	19%
Tudor Trust	£50,000	16%
JRCT	£35,000	11%
Barrow Cadbury	£17,000	5%
Other	£9	0%
Consultancy Income	£17,550	6%
Finance Matters advertising	£400	0%
Interest and reimbursed expenses	£2,128	1%
Total	£315,523	

What did we spend it on?

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

	2018	
Staff costs	£178,177	68%
Rent and office running costs	£27,733	10%
Accountancy, audit and legal fees	£20,534	8%
Freelance staff	£16,297	6%
Venues and hosting events	£7,247	3%
Communications and research	£6,681	3%
Meetings, travel and subsistence	£6,679	3%
Total	£263,348	

Results for the year

Total income for the year was £315,523 (2017 - £223,070) of which £115,087 was unrestricted (2017 - £97,870) and £200,436 was restricted (2017 - £125,200). Unrestricted expenditure was £112,514 (2017 - £97,449) resulting in a surplus on unrestricted funds for the year after transfers of £3,672 (2017 - £421). Restricted expenditure was £150,834 (2017 - £130,587) resulting in a surplus on restricted funds for the year after transfers of £48,503 (2017 - deficit of £5,387).

Our financial position

The Trustees set the Lab's target reserves at a level sufficient to ensure our financial stability and ability to meet our charitable objectives for the foreseeable future. Our target is to maintain reserves at a level that is at least equivalent to three months' core operational expenditure. During the first two years of the Lab's existence, it was proposed that the Lab's reserves were built up gradually towards this target figure. The Trustees review the amount of reserves that are required on a quarterly basis.

At 31 December 2018, the Lab had unrestricted reserves of £70,095, which represented 62% (or 7.4 months) of core operational expenditure.

Thank you

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

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

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

Trustees' report Year ended 31 December 2018

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

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

Approved by the Trustees on 26th July 2019 and signed on their behalf by:



Katherine Ormiston Smith

Trustee and Treasurer

Statement of Trustees' responsibilities Year ended 31 December 2018

Statement of Trustees' responsibilities

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

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

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

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

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

Each of the Trustees confirms that:

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

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

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

Approved by the Trustees of the charity on 24th July 2019 and signed on its behalf by:



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 2018 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report, 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 Directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

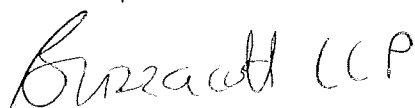
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

Date: 24 July 2019

Statement of financial activities (incorporating income and expenditure account)

Year ended 31 December 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £
Income from:				
Donations	3	95,009	200,436	295,445
Charitable activities	4	20,078	—	20,078
Total income		115,087	200,436	315,523
Expenditure on:				
Raising funds	6	(15,913)	(21,566)	(37,479)
Charitable activities	5	(96,601)	(129,268)	(225,869)
Total expenditure		(112,514)	(150,834)	(263,348)
Net income for the year before transfers		2,573	49,602	52,175
Transfers between funds	17	1,099	(1,099)	—
Net movement in funds		3,672	48,503	52,175
Reconciliation of funds				
Total funds brought forward		66,423	11,925	78,348
Total funds carried forward	17	70,095	60,428	130,523

Comparative figures for the year ended 31 December 2017:

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

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

Balance sheet Year ended 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible fixed assets	13	1,881	1,961
Current assets			
Debtors	14	9,897	11,000
Cash at bank and in hand		142,189	87,331
		152,086	98,331
Creditors: amounts falling due within one year	15	(23,444)	(21,944)
Net current assets		128,642	76,387
Net assets		130,523	78,348
Funds of the charity:			
Restricted funds	20	60,428	11,925
Unrestricted funds		70,095	66,423
Total funds	17	130,523	78,348

The financial statements on pages 16 to 27 were approved by the Trustees, and authorised for issue on 24th July 2019 and signed on their behalf by:



Katherine Ormiston Smith
Trustee

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

1 Charity status

The charity is a 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

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

Going concern

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

Exemption from preparing a cash flow statement

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

2 Principal accounting policies (continued)

Income

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

Donations

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

Grants receivable

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

Expenditure

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

Raising funds

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

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.

2 Principal accounting policies (continued)

Expenditure (continued)

Taxation

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

Tangible fixed assets

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

Depreciation and amortisation

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

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

Trade debtors

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

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

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.

2 Principal accounting policies (continued)

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 2018 £
Donations			
- Donations from companies, trusts and similar proceeds	9	—	9
Grants from:			
- Charities	95,000	200,436	295,436
	<u>95,009</u>	<u>200,436</u>	<u>295,445</u>

	Unrestricted funds £	Restricted funds £	Total 2017 £
Donations			
- Donations from companies, trusts and similar proceeds	23,933	—	23,933
Grants from:			
- Charities	60,000	125,200	185,200
	<u>83,933</u>	<u>125,200</u>	<u>209,133</u>

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £
Consultancy (social and sustainable finance and financial reform)	20,078	—	20,078
	<u>20,078</u>	<u>—</u>	<u>20,078</u>

	Unrestricted funds £	Restricted funds £	Total 2017 £
Consultancy (social and sustainable finance and financial reform)	13,387	—	13,387
Participant contributions	550	—	550
	<u>13,937</u>	<u>—</u>	<u>13,937</u>

5 Expenditure on charitable activities

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £
Direct costs		11,191	15,818	27,009
Staff costs		54,241	73,667	127,908
Freelance staff		7,897	8,400	16,297
Allocated support costs	7	23,272	31,383	54,655
		<u>96,601</u>	<u>129,268</u>	<u>225,869</u>

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £
Direct costs		25,785	6,684	32,469
Staff costs		—	61,058	61,058
Freelance staff		21,140	26,582	47,722
Allocated support costs	7	36,091	8,461	44,552
		<u>83,016</u>	<u>102,785</u>	<u>185,801</u>

6 Expenditure on fundraising costs

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £
Staff costs		11,136	15,123	26,259
Allocated support costs	7	4,777	6,443	11,220
Total		<u>15,913</u>	<u>21,566</u>	<u>37,479</u>

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £
Staff costs		—	24,418	24,418
Allocated support costs	7	14,433	3,384	17,817
Total		<u>14,433</u>	<u>27,802</u>	<u>42,235</u>

7 Support costs

	Fundraising costs £	Charitable activities £	Total 2018 £
Governance	599	2,918	3,517
Staff costs	4,090	19,920	24,010
Finance	37	182	219
IT	431	2,100	2,531
Legal and Professional	2,898	14,119	17,017
Establishment	2,744	13,364	16,108
Other	421	2,052	2,473
Total	<u>11,220</u>	<u>54,655</u>	<u>65,875</u>

Support costs (continued)

	<i>Fundraising costs</i>	<i>Charitable activities</i>	<i>Total 2017</i>
	£	£	£
<i>Governance</i>	943	2,357	3,300
<i>Staff costs</i>	8,778	21,949	30,727
<i>Finance</i>	38	94	132
<i>IT</i>	656	1,640	2,296
<i>HR</i>	17	42	59
<i>Legal and Professional</i>	4,187	10,471	14,658
<i>Establishment</i>	2,698	6,749	9,447
<i>Other</i>	500	1,250	1,750
<i>Total</i>	<u>17,817</u>	<u>44,552</u>	<u>62,369</u>

8 Governance costs

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2018</i>
	£	£	£
<i>Audit fees</i>	—	3,517	<u>3,517</u>

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total 2017</i>
	£	£	£
<i>Audit fees</i>	—	3,300	<u>3,300</u>

9 Net income

Net income for the year is stated after charging:

	<i>2018</i>	<i>2017</i>
	£	£
<i>Audit fees:</i>		
- Current year	4,017	3,900
- Prior year	(500)	(600)
<i>Depreciation</i>	1,179	1,109
<i>Operating leases – land and buildings</i>	<u>14,500</u>	<u>6,825</u>

10 Trustees' remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year (2017: Nil).

Christine Berry was a Trustee of the Lab until November 2018 and provided consultancy services to the Lab to the sum of £Nil in the year (2017: £1,650).

No other Trustees have received any other benefits from the charity during the year (2017: Nil).

Expenses totalling £88 (2017: £58) for board meeting refreshments was spent during the year.

2 Trustees (2017: Nil) were reimbursed expenses of £616 principally on travel to Trustees meetings and assistance with interviews.

Gifts to the value of £105 (2017: £Nil) were provided to 3 Trustees on their retirement from the Lab.

11 Staff costs

The aggregate payroll costs were as follows:

	2018 £	2017 £
Staff costs during the year were:		
Wages and salaries	158,307	104,394
Social security costs	14,333	8,781
Employer pension contribution	5,537	3,028
	178,177	116,203

Key management personnel remuneration, which includes employers National Insurance and pensions, for the year was £74,818 before tax (2017: £68,895).

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

	2018 No	2017 No
Average number of employees	4	2

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

	2018 No	2017 No
£60,000 - £70,000	1	1

12 Taxation

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

13 Tangible fixed assets

	2018 Total (computer equipment) £
Cost	
At 1 January 2018	4,439
Additions	1,099
At 31 December 2018	5,538
Depreciation	
At 1 January 2018	2,478
Charge for the year	1,179
At 31 December 2018	3,657
Net book value	
At 31 December 2018	1,881
At 31 December 2017	1,961

14 Debtors

	2018 £	2017 £
Trade debtors	—	11,000
Prepayments	9,897	—
	9,897	11,000

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	9,621	5,690
Other taxation and social security	5,893	3,486
Other creditors	—	828
Accruals	7,930	11,940
	23,444	21,944

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 2018 £	Land and Buildings 2017 £
Operating lease payments due within 1 year	18,000	—

17 Funds

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2018 £
Unrestricted funds					
General	66,423	115,087	(112,514)	1,099	70,095
Restricted funds	11,925	200,436	(150,834)	(1,099)	60,428
Total funds	78,348	315,523	(263,348)	—	130,523

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

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Tangible fixed assets	—	1,881	1,881
Net current assets	70,095	58,547	128,642
Total net assets	70,095	60,428	130,523

	Unrestricted funds £	Restricted funds £	2017 Total funds £
<i>Tangible fixed assets</i>	—	1,961	1,961
<i>Net current assets</i>	66,423	9,964	76,387
Total net assets	66,423	11,925	78,348

19 Analysis of net funds

	At 1 January 2018 £	Net cash flow £	At 31 December 2018 £
Cash at bank and in hand	87,331	54,858	142,189
Net debt	87,331	54,858	142,189

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

20 Restricted funds

Fund	Balance at 1 January 2018 £	Income £	Expenditure £	Transfer between funds £	Balance at 31 December 2018 £
Barrow Cadbury	11,840	17,000	(26,974)	—	1,866
Tudor Trust	85	50,000	(50,085)	—	—
Partners for a New Economy	—	133,436	(73,775)	(1,099)	58,562
Total restricted	11,925	200,436	(150,834)	(1,099)	60,428

The transfer between funds of £1,099 represents a transfer of expenditure from the unrestricted to the restricted funds in relation to the net book value of an asset funded by the Partners for a New Economy grant.

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

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

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

Barrow Cadbury – project grant for a series of ideation sessions exploring how data-driven financial innovation can address our most urgent social and environmental challenges.

Tudor Trust – grant to support core operational costs.

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.

21 Related party transactions

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

Susan Charman is a Trustee of the Lab and was an employee of WWF-UK until January 2018. WWF-UK made grants to the Lab during the year totalling £Nil (2017: £25,500) where she was involved in the decision-making process at WWF-UK.