Fair4All Finance Limited
Annual Report
and Accounts
31 December 2020

Company Registration Number – 11810533 (England and Wales)

Contents

Why we exist

What do you do if your washing machine breaks down? Or you need to buy extra food for your children who are home for the holidays? And what if you have to stop working because you're ill or looking after someone you love?

Many of us can use the safety nets of savings, a credit card or a bank overdraft at an affordable rate. However, for the millions of people in the UK in financially vulnerable circumstances, these options are often out of reach. This leaves them three choices – using high cost credit, illegal money lenders or simply going without. All three create real challenges.

Far too many people struggle to access fair and affordable financial products and services. Ones that can help them meet their day to day financial needs, absorb shocks, smooth incomes and make positive choices for their futures[1].

11m people
struggle to access affordable credit

3.8m people
are in financial difficulty having missed bills or credit payments in three or more of the last six months

5.6m people
have one or more high cost loans

Black African and Black Caribbean groups are
4x and 3.5x
more likely to be denied a loan respectively compared to white groups

Fraud victims from minority ethnic groups are over
twice as likely
not to get their money returned compared to white fraud victims

1 in 4 households
in the UK have no insurance at all

One in five adults has
less than £100 in savings

23.7m adults
would be unable to cover their living costs for three months if they lost their main source of income

17m adults
in the UK only have the numeracy skills expected of a primary school child

The current financial system is designed for predictable lives and incomes. Yet more and more people are living with unpredictability. For these people, financial products and services that could potentially help build their financial resilience and wellbeing are simply not available. **It's time to transform the financial services system to ensure it serves all people, whatever their situation.**

[1]**Sources:** FCA, Financial Lives 2020 survey: the impact of coronavirus, MaPS, The UK Strategy for Financial Wellbeing 2020-2030, Actuarial Post article, Fair4All Finance, Strategy 2020, National Numeracy, A new approach to making the UK numerate, NatWest, Banking on Racial Equality report 2020, The Times article 2017

We're working towards a fairer financial sector

We were founded in 2019 as an organisation independent of government, funded by dormant assets money.

Our vision

A society where the long term financial wellbeing of all people is supported by a fair and accessible financial services sector

Our mission

To increase the financial resilience and wellbeing of people in vulnerable circumstances through improving the availability of fair and accessible financial products and services

Fair and accessible financial products and services can make a real difference

Our work is focused on ensuring the financial services system provides products and services to everyone who needs them, in a way that is sustainable. We know that by doing this we will have improved people's wellbeing and have a positive impact on society and the economy.

Our role isn't to solve poverty. However, we believe fair and appropriate financial products and services play an important part in alleviating it. They enable people to better deal with life challenges and to take advantage of opportunities, from education to travel.

Anyone can find themselves in vulnerable circumstances

We deliberately talk about vulnerable circumstances and not vulnerable people. That's because it's circumstances that create vulnerability, not people.

Recent events have shown that none of us are far from the life events or health problems that have created financial vulnerability for millions of people in the UK. It's a group of people that's grown by 3 to 5 million because of the Covid-19 pandemic and now totals over 14 million people.

The evidence suggests that those in the most vulnerable circumstances are impacted by each of the drivers on the right. These drivers will shape customers' needs over the whole of their financial lives.

Drivers of financial vulnerability

The right financial products can transform lives

Providing access to fair and affordable products and services – better designed for people's needs - can be transformative. It can lead to improved finances, better physical and mental health, and the ability to participate fully in society and move beyond the situation you're in.

The stories we've heard from customers at some of the community finance providers we invest in say it far more eloquently than we can:

We supported Moneyline with long term funding to help them provide more affordable credit to people in vulnerable circumstances. Here's how they helped one customer regain her dignity

Laura (not her real name) had been through a messy divorce from an abusive relationship: 'There are words for it now, I know now that he was 'financially abusive', that it was 'coercive control' of my life, and, as a parent you want to protect your children. I was at such a low, it's difficult to tell you how debilitating the stress at the time was, on my own, with the boys, it was crippling.'

'At one point I was working five jobs. Then I had an interview for a job that would mean 3 times, 4 times what I was earning, but you know, it's so difficult, the washer wasn't working, my options were non-existent. I saw a leaflet for Moneyline. They were ethical, reputable.'

'When I told them my circumstances, they were amazing. They showed faith in me. It's no exaggeration to say their support meant I could keep my family together. I know they're not the cheapest, they're taking a risk on high risk people, people who need a break, but the stability I got from that loan to fix that washer, they'll never know how grateful I still am.'

Laura got the job and is in secure employment with decent pay and no housing debt: 'They didn't need to take an interest in me, to see me as a person. A lot of other lenders turn their back on you. When they transferred me those funds, that day, they were saying 'let us see how we can help'. What a difference it made. What a relief. They have helped me to progress, to the point now where I can say, 'I've got this.'

We supported Enterprise Credit Union with funding to help them scale their innovative product offering. Here's how they helped one customer change her financial future

Julie (not her real name), 45, joined Enterprise Credit Union over 12 years ago, during what she described as a real low point - both personally and financially.

With the help of the team at ECU, Julie set up a plan to change her financial future. She began by borrowing £300 for a holiday with her son but was determined to start saving every week. Setting up a payment via standing order, Julie was able to repay her loan each week and put away a small amount into a saving pot.

This has led to a long and loyal relationship between Enterprise and Julie. She has had numerous loans over the years and is proud of the fact that she's always had savings behind her. Since joining, Julie has borrowed

and repaid over £16,000. In addition to this, she's saved consistently and proudly boasts of her £2,300 in savings.

Julie has really turned her life around. Not only is she now excellent when it comes to saving and borrowing, Julie turned her dreams into reality, going on to Liverpool John Moores University and achieving a BA (Hons) in Criminology.

And her successes have had a positive knock on effect with her family. Her son also turned to Enterprise for a Starter Loan in March 2020 and is now running a car valeting business, which has thrived throughout the pandemic.

'My life has completely changed, and Enterprise Credit Union has played a massive part in that!' says Julie.

We supported Fair for You with long term funding to help them provide more affordable credit to people in vulnerable circumstances. Here's how they helped one customer improve their situation

'It was nice to know there was someone that actually cared about your situation.' When times were tough previously, Erica (not her real name) had borrowed money from another company who she describes as 'Absolutely awful, ridiculously expensive. If you had money problems they'd be hounding you, banging on your door - it was frightening.'

She first used Fair for You in 2017 to buy a tumble dryer - her autistic son had a lot of accidents and before this she was forced to dry some clothes with a hairdryer. Erica has since used Fair for You to buy kitchen appliances and a bed for her son, who previously slept in her bed. 'He loves his new bed - he has actually slept through the night. He seems a lot happier - it's better for him and for us as a family as well.'

Erica remembers that Fair for You were 'so understanding' when money problems arose recently, giving her a short payment holiday for no extra charge. 'It was nice to know that there was someone that actually cared about your situation,' she says, adding that knowing she can use Fair for You gives a sense of security: 'If my washing machine was to break or something like that, I know that I have that option,'

Erica was recently able to start her own small business and has become active in her community, setting up a mutual aid group in her neighbourhood to help vulnerable or older residents get food, medicines or other supplies during the Covid-19 outbreak. 'I feel nice that I'm doing something for somebody else and it's making a difference to people's lives' she says.

And the impact goes way beyond just saving people money

These stories show the impact that the right product at the right time can have. And there are big social and economic impacts from getting this right too.

We know people in financially vulnerable circumstances have to pay more for basic products and services and have less money to spend on themselves and their families. And there are strong links to poor physical and mental health for those in financial distress.

How we make a difference

We invest in organisations focused on providing financial products and services to people who are otherwise excluded from access to fair and affordable provision. Our focus is on scale and impact: we evidence what works, support development and innovation in delivery and drive significant increase in scale and reach. We also identify areas where regulatory and policy change could accelerate market development, based on research and evidence of what works in the UK and internationally.

Our funding alone is not enough to deliver the scale of change required. We will use most of our funding to deliver equity-like investment to support innovation and scale. By proving businesses serving this customer group can thrive and scale, we aim to attract further funding into this financial services segment from banks and other investors, including foundations.

Our role is as a catalyst, to change the financial system so that people have access to the financial products and services that meet their needs. To do that we spend time understanding the current system - which providers are serving the people we focus on well and how we can help them to develop and grow their businesses. Also, what policy and regulation changes could help more financial services providers play their part.

We work closely with the many great organisations working in financial education, debt advice, research and product design. Collectively we help providers of products and services to grow and develop what they offer to the people we want to make a difference to.

Our initial focus has been the availability of affordable credit. Community finance providers, which include credit unions and Community Development Financial Institutions (CDFIs), often have deep expertise in delivering short term, low value unsecured credit in a way that helps people to a better financial position. This year we have made significant investments to develop their business models, strengthen their balance sheets and help them grow.

If, alongside access to credit, providers can help people access appropriate insurance products and build even small amounts of savings then they can help people build a pathway to financial resilience.

It's clear the size of the challenge is bigger than community finance providers alone can solve. So we're also working with banks and other financial services providers to see how they can expand their provision to better serve this customer group.

Getting this right will improve the lives of many people and also create benefits to society as people's mental and physical health improves and they move from surviving to thriving.

We'd love to work with you

For far too long customers in vulnerable circumstances have been talked about as a problem area. We want to reframe that as a massive opportunity for the whole financial services sector. Do it right and you can make a huge difference to the lives of millions of people.

We believe it's possible to create a financial services system that enables financial wellbeing for everyone. We'd love to hear from anyone interested in working and investing with us at hello@fair4allfinance.org.uk.

Together we can make a difference.

Richard Collier-Keywood OBE
Chair

Advisors

We are provided with expert support and services as follows:

Bankers

NatWest
89 Mount Pleasant Road
Tunbridge Wells
TN1 1QJ

Accountants

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

Auditors

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Legal advisors

Bates Wells
10 Queen Street Place
London
EC4R 1BE

How to contact us

Our email address is hello@fair4allfinance.org.uk
Our office address is 2nd Floor, 28 Commercial Street, London E1 6LS

Strategic report

Overview

It's amazing what we can do when we work together

What's really struck us this year is just how well so many financial services organisations have responded to the challenges thrown at us by the pandemic.

From community finance providers who've adapted and innovated to continue to serve customers most in need, to the regulators and mainstream banks and financial services providers who've stepped up to provide support through payment holidays and interest-free overdraft buffers.

It shows what can be achieved when the whole financial services sector works together to a common goal of providing better support for customers in vulnerable circumstances. This has helped millions of people during one of the most difficult years in living memory.

Mission

Our mission is to **increase the financial resilience and wellbeing** of people in vulnerable circumstances through **improving availability of fair and accessible** financial products and services

Beliefs

Financial services can and should serve people in vulnerable circumstances

Fair products and services improve people's wellbeing

Financial inclusion is the responsibility of the whole financial services sector

Priorities

1. **Expand the provision of affordable credit** through a scaled community finance sector – setting best practice standards on the way
2. **Partner with banks and financial services providers** to support the delivery of products and services for customers in vulnerable circumstances
3. **New product and market development** - develop and scale financial products and services to address market gaps

Impact checks

Systems Change & Impact
Are we creating the conditions for a sustainable market tailored to people in vulnerable circumstances?

Availability
Are we increasing provision for key groups of people? Are we increasing availability in key places?

Appropriateness
Are products and services meeting needs of customers?

Attractiveness
Are appropriate products and services appealing to customers in vulnerable circumstances?

Awareness
Are people aware of the services tailored to their needs?

Accessibility
Are people able to access products and services and directed to the right support for them?

Our mission and strategy

As trailed in our 2019 annual report we took the opportunity to refresh our strategy in 2020 to reflect lessons learned since we started and the significant impact of the ongoing Covid-19 pandemic on both those we are set up to serve and the wider financial services market.

Everything in our strategy anchors to our mission. Our beliefs inform our approach and our theory of change.

Our external context

The changes over the year have been significant and we regularly monitor key indicators to help us to pivot in how we prioritise our work whilst keeping clear sight on our overall mission. The headlines that have informed our work this year are:

Customers

- **Increased demand** – additional 3 to 5 million customers in vulnerable circumstances
- **Increased uncertainty on affordability** – large numbers of customers unable to access credit, including those previously served by the market
- **Low awareness of alternative providers by new customers** – increasing dependence on high cost lenders and illegal money lending

Market

- **Challenging environment** – banks and financial services providers face low interest rates, pressure on loan books and a continued commitment to FCA support measures; many customers are in much more precarious circumstances than before
- **Lenders at risk** – smaller community finance providers are at heightened risk along with some high cost credit organisations
- **Significant exits and some new entrants** – with rent to own provision collapsing and some new tech disruptors appearing, and continued growth of retail credit and guarantor loans

By the end of 2020 evidence showed the financial impact of the pandemic is uneven. Many of those who are fortunate enough to have secure employment and who can work from home have been able to save. However, far too many people have fallen into precarious circumstances or are on the edge of doing so.

Certain groups have been more vulnerable - those working in hospitality and retail, the many micro businesses who've fallen outside government support and the gig workers who suddenly found themselves unable to earn a living. At the same time the costs for people in this demographic have risen – from heating to extra costs for childcare and food for children at home.

The same story from history repeats itself. Women, people from certain minority ethnic communities and those already in vulnerable financial circumstances have borne the brunt of the pandemic. The consequence of this has been twofold:

- A significant increase in the numbers of people who are unable to access fair and affordable financial services as they fail affordability tests due to uncertainty over incomes. And many for whom credit may not be the solution
- A change in the market seeing a contraction in provision across the board for those people in vulnerable circumstances who can afford to borrow. Alongside this there's a significant rise in unregulated 'buy now pay later' which is drawing a whole new generation of people into potentially problematic debt situations

All of this makes our work even more critical

Our priorities

1 Expand the provision of affordable credit through a scaled community finance sector – setting best practice standards on the way

Deliver capital in the form of

- Equity
- Debt
- Grants

Develop growth capability in sector including leadership, marketing, operational excellence and technology

Develop routes to market for affordable credit through communities, workplace and housing associations

2 Partner with banks and financial services providers to support the delivery of products and services for customers in vulnerable circumstances

Collaborate with banks and financial services providers to develop a debt fund providing affordable capital to the community finance sector

Partner with banks and financial services providers to support these customers, through referrals or offering products themselves

Develop a framework for long-term sustainable partnerships with banks and financial services providers to enable improved financial wellbeing

3 New product and market development - develop and scale financial products and services to address market gaps

Establish a product development fund to support new products including a No Interest Loans Scheme and consolidation loans

Create market transformation fund to enable significant investment in scaled product propositions and innovative models

Develop a programme to scale the provision of specific savings and insurance products for the market

These are the areas where we'll focus our time and efforts. We've developed them with input from the sector throughout the last year.

While they span a wide range of areas, they all share the same aim – strategic and systemic change. From small community finance providers to major mainstream players, we're here to work with the whole financial services sector to sustainably serve customers in vulnerable circumstances.

You can read more detail on each area in our strategy.

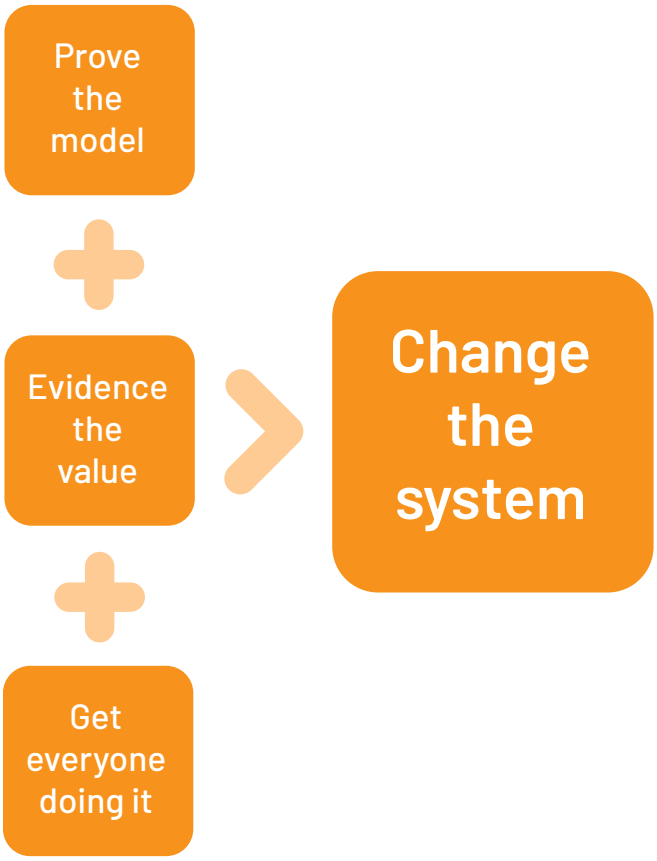
Our approach to change

Our job is to work with the financial services sector to understand how to serve people well when they are in vulnerable circumstances, to ensure:

- Well-designed products and services are available at scale
- People are aware of the choices
- Financial services organisations can develop sustainable business models to enable them to serve this customer group

We collaborate with a range of groups and organisations who are working to improve financial inclusion and with financial services providers delivering products and services to people.

Our work is based on data and evidence to support the best possible design. It's about finding things that work and supporting providers to deliver these at scale. Then sharing those lessons across the financial services sector to achieve the transformation we believe is necessary.



Fundamentally, all our work focuses on whether we're changing the system for the better – so that the whole sector provides financially inclusive products and services in a sustainable way.

At the heart of our strategy is an approach to diversity, equity and inclusion to ensure our work changes the system which has contributed to the inequality and exclusion in financial wellbeing and access to financial services, noting that this has a disproportionate impact on black and certain ethnic minorities, women and those living with disabilities.

This is at the heart of our mission and guides how we invest, develop policy and programmes, recruit and procure – all of which are opportunities for us to create impact.

We have taken guidance on the key elements that will underpin our strategy and our approach to learning and development, particularly in respect of anti-racism which must be a cornerstone of our work given that black and ethnic communities are among the most excluded of the groups we serve.

We are **deepening our learning and understanding at a personal and organisational level** using the following principles:

- Focus on learning rather than training
- Engage over a period of time rather than one off
- Understand the social constructs and the harms caused by racism and other forms of social constructs/power dynamics
- Reject deficit models (ie asking to upskill/change behaviour of excluded people)
- Consider the intersection of different forms of oppression, and drivers of financial exclusion and use this to support our learning and strategies to impact people in vulnerable circumstances

There are three key areas of focus as we do this:

- ensuring that we are a **catalyst for change** in financial services in our investments and suppliers
- **shining a light on data** so we can see who we are supporting, disparities to see where to focus and to monitor progress
- **composition of our Board, wider team** and setting the 'tone from the top'

How we work

To deliver our strategic priorities we work in five workstreams, giving us focused expertise. In each area we have small teams who collaborate closely with organisations and specialists to support our work.

Systems change and impact

Deliver, influence and evidence impact of systemic change to society

Funding, finance and investment

Enable affordable long term financing for providers

Markets, consumer insights and product design

Enable well designed solutions that build wellbeing to reach the people and communities we wish to serve

Operational excellence and capability

Optimise sustainable operating models for providers

Governance, leadership and talent

Building strong governance and a pipeline of transformational leaders and talent for the sector

Our principles of operation

We follow this simple five step approach to find and scale the most appropriate solutions:

1. Define the issue/opportunity for focus
2. Discover what great solutions and evidence already exist
3. Dream what a great outcome would look, feel, sound like
4. Design and build evidence and capability to scale existing and/or innovate new solutions
5. Deliver, iterate and evaluate

Our team

We know that thoughtful and progressive treatment of people in their work creates positive benefits for both organisations and the people working in them. To deliver our groundbreaking work we need to have a team that can deliver outstanding work. We have set our reward and employment policies to set us up for success and to model what we think a good financially inclusive employer should do to support the financial wellbeing of their teams.

Fair4All Finance is committed to being a diverse organisation that is truly representative of the people and communities we serve. We are an equal opportunities employer with an inclusive environment where different experiences, expertise and perspectives are valued, where everyone is encouraged to grow and develop and all team members can contribute to their fullest potential. When we are recruiting, we actively seek to reach a diverse pool of candidates and use 'blind' recruitment to minimise bias in our selection process.

We know we can't change the system on our own and we don't have all the answers. So we work in partnership with inspiring organisations as together we're stronger.

Our values

We live the following values:

Fair

We're impartial, open and rigorous in making sure our work has the right impact. We share a strong sense of fairness and we're determined to make the system work better for everyone.

Inclusive

Both with the people we work with and the people we're working for. We value diversity and difference, and always listen to the voice of our customers and close community.

Bold

The problems we're tackling require bold solutions and we won't shy away from being radical. We're prepared to take risks in order to make a difference.

Compassionate

We have empathy for the people we're set up to serve and believe in treating everyone with respect. We work with care and kindness, considering the needs of everyone we interact with.

Collaborative

We know we can't change the system on our own and we don't have all the answers. So we work in partnership with inspiring organisations as together we're stronger.

2020 review

2020 was our first full year of operation and we delivered on many of our goals. These were focused on:

- Scaling and sustaining affordable credit provision delivered through community finance providers
- Evidencing the positive economic and social benefit of providing affordable credit
- Building a team with appropriate skills and expertise to deliver transformational and sustainable system change
- Dealing with the immediate challenges presented by Covid-19

Looking back to the beginning of 2020 I don't think any of us anticipated the challenges the year would hold. The rapidly changing situation meant we needed to pivot our focus, while remaining very clear on our longer term strategic goals.

I'm proud of how the team has risen to these challenges and we made great progress on many of the key outcomes we set for the year. As we pivoted our work to respond to the ongoing pandemic, we either deferred work or partially achieved other outcomes – focusing on the significant risks faced by community finance providers and people in vulnerable circumstances.

Looking at our performance against the six outcomes we set last year in more detail:

Deliver impact through our Scale Up programmes to increase sustainable capacity of affordable credit

Affordable Credit Scale Up Programme

Building on our initial pilot we expanded our Scale Up programme, designed to help community finance providers play their part in the 10x growth challenge in the delivery of affordable credit. The programme provides tailored support, investment and grant funding to sustainably scale affordable credit. This is part of the wider transformation of financial services and to help the sector develop a sustainable model for serving people in vulnerable circumstances.

We completed two significant investments into CDFIs - Fair for You and Moneyline – working closely with existing social investors and foundations to ensure each organisation is well capitalised and set up strongly for future growth. We have invested significant capital into these organisations.

Investment case study – Fair for You

Fair for You is a nationwide, online not for profit lender that provides customers with affordable and flexible loans to buy essential household items. We committed a £5m equity investment to enable them to sustainably meet their growth ambitions and a £500,000 grant to enable growth and resilience, including work on product development and social impact reporting.

An independent report into their social impact from the Centre for Responsible Credit shows how Fair for You have:

- Generated over **£50m of social value** since 2015
- **Saved over £2m** from reduced use of NHS services
- Helped move **over 71% of their customers away** from high cost credit

The report also identified over 20 types of customer impacts, including reduced living costs, healthier diets and improved mental health.

These findings further evidence how properly serving customers in vulnerable circumstances can play a part in helping people lead healthy and happy lives.

Covid-19 Resilience Fund

We launched our Covid-19 Resilience Fund to help the sector emerge from the pandemic in a resilient state. Our support comprised a mixture of financial assistance to help organisations manage the impact on their organisational strength of lost income and additional forbearance costs caused by the crisis, and funding for technical support needed to adapt models to serve customers during this period.

We committed £3.6m of support to 29 community finance providers in 2020. These organisations collectively lent around £130m in 2019 and serve around 130,000 customers. Our intervention helped to preserve around 50% of affordable lending capacity targeted at people in vulnerable circumstances.

In 2021, we will conduct an independent impact evaluation of the fund and its effectiveness.

Investment case study – Westcountry Savings and Loans

Westcountry Savings and Loans support many low income customers in vulnerable circumstances, with many of their loans under £500. We provided them with a £52,000 grant for financial and technical support from our Covid-19 Resilience Fund. They operate in an otherwise poorly served region of Somerset, Devon and Cornwall and have good links and partnerships with housing associations and local authorities.

With its dependence on tourism, agriculture and seasonal work, the South West has been particularly impacted financially by the Covid-19 emergency. According to the Office for National Statistics (ONS), during April 2020, 146,000 people claimed Universal Credit or Job Seekers Allowance in the South West, nearly double the figure in March, and a much higher increase than the national average.

As a result, Westcountry Savings and Loans faced significantly higher requests for loan rescheduling and a large number of late payments or defaults, impacting their ability to serve existing customers and grow.

The funding they received has enabled them to weather the short term storm and get their growth plans back on track, preventing the region of Somerset, Devon and Cornwall becoming a 'credit desert'.

Capacity building tools and resources in development

A key condition of any grant funding we provide is that it enables us to develop and test tools that can be used widely across the community finance sector and beyond to support system change. Our Theory of Change for the affordable credit sector, developed with funding from the Esmeé Fairbairn Foundation and in conjunction with over 100 people from providers, charities, foundations and academics, provided us with insight into the most beneficial areas to develop.

We refined and developed these in 2020 through chairing the Credit Counts: Affordable Credit Challenge Group, as part of the Money and Pensions Service development of a UK Strategy for Financial Wellbeing.

'Being part of the Fair4All Finance Affordable Credit Scale Up pilot has been transformational for Fair for You in many ways. Not least in the funding to conduct this research, which has enabled us to record the voice of our customers in great clarity. We're proud that this voice describes the huge difference we've been able to make to people's health and wellbeing. We appreciate the support of the team at Fair4All Finance and look forward to building on their investment to scale our work.'

Angela Clements
Former Chief Executive of Fair for You

Key areas we developed were:

- **Social impact reporting**

  As we look at sustainable funding, potential policy development and potential regulation, being able to evidence and understand the social and economic impact of providing fair and affordable financial products and services is critical to our work.

  The whole area of impact reporting and measuring impact is a fast-emerging discipline. We funded the detailed social impact report for Fair for You in 2020. This provides a basis for development of a standard impact framework for community finance provision.

- **Technology**

  In partnership with The Finance Innovation Lab and Innovate Finance we surveyed the community finance sector to understand the role of technology in the industry. This highlighted the high level of ambition throughout the sector to further develop technology, to help make products and services more accessible and relevant to the consumers of tomorrow. It also identified challenges with legacy technologies, IT capability and funding.

  Alongside detailed work we've undertaken with a number of our pilot organisations and insights from diligence on all organisations we work with, we're developing a technology transformation toolkit to support the sector in fully embracing technology to drive better customer service and engagement and more efficient operations. We'll launch this across 2021 to help the sector optimise their use of tech.

Establish and start testing of the economic model to value the societal benefit of affordable credit provision

We laid the foundations for the socio-economic value of provision through research by Pro Bono Economics. This will inform development of pricing of financing, financial instruments and potential longer term subsidies that may be required for delivering provision to certain groups.

In each of our equity-like investments we have set out a mechanism to allow us to test our hypothesis on pricing to reflect the socio-economic value and are building the data and evidence to allow us to develop a new standard in such investments.

Create appropriate long term funding for affordable credit providers, including raising of an Affordable Credit Debt Fund

This year we met with key banks and established the principles to form the basis of a debt fund. This will address the challenge of the current lack of scale and track record of providers, which has inhibited them in being able to attract funding to support scaling their operations.

Based on this input we began detailed design of the fund and expect to begin fund raising in the summer of 2021. This pace is slower than we had originally planned due to our small team being focused on the rapid development and launch of the Covid-19 Resilience Fund and the expansion of the Affordable Credit Scale Up fund.

Build markets and consumer insights data banks to enable customer centred product design

Improve the access that people in vulnerable circumstances have to affordable credit providers

We paused work on these two goals in 2020 as we pivoted in response to the Covid-19 pandemic. These are focus areas for 2021.

Assess the value of additional data sets in credit decisioning

We completed the initial work, reporting to the Government's Financial Inclusion Policy Forum, to consider how community finance providers' use of data can inform better lending decisions. A key action that emerged from that work was a need to build proper evidence to understand the impact and potential unintended consequences of including additional data sets in lending decisions for people in vulnerable circumstances.

The University of Edinburgh have completed scoping of a thorough study and we're now seeking co-funders to take this work forward.

How we create impact

Our impact framework is designed around the key strategic supply and demand outcomes we wish to achieve. We consider our impact at a system level, an enterprise level in respect of the organisations we support and at an individual level to evidence the impact created for the people they serve.

We set impact questions for each driver and in 2020 set our initial measures to assess our progress. At this early stage of our development, we found it challenging to set measures that tracked to outcomes and impact that could be attributed to our interventions.

This year the information we present reflects a combination of activity and outcomes along with wider contextual information around our work. We are further developing our framework for 2021 to allow us to have a much more robust way to help us continue to challenge the effectiveness of our interventions.

2020 impact in headlines

Supported providers delivering 50% of affordable lending capacity in England

Rapidly pivoted our work, with careful stakeholder engagement, to set clear goals to lead through the pandemic

- Committed **£13.7m** funding to the organisations on our pilot programme, who collectively have ambitions to **deliver an additional £83m of affordable lending capacity by 2024**
- Extended our Affordable Credit Scale Up programme which attracted 18 applicants
- Our Covid-19 Resilience Fund delivered over **£3.6m** of grant funding to 29 organisations which enabled us to **support preservation of almost 50% of affordable credit provision** in England

Secured funding to deliver wider system change

- Secured an **additional £41m of funding** from dormant assets to enable us to extend our work to develop new products and markets for those customers in vulnerable circumstances for whom very limited provision currently exists
- Raised our strategic focus to a **wider system change**, working with our team, Board and strategic stakeholders to gain insight and buy-in to our approach; achieved sign off from all key stakeholders

Established our reputation to deliver high impact work and inform system change

- Built our reputation as an **agile, collaborative and responsive thought leader** for systems change through both speaking and actions, including the pivot for Covid-19
- **Led two of the Money and Pensions Service challenge groups**; Credit counts - affordable credit and Workplace to inform the overall National Financial Wellbeing Strategy
- Built robust **evidence of the impact of affordable credit provision**, laying the foundations for a new model for investment based on impact adjusted return

We seek to use our funds in a way to achieve as much sustained impact as possible, recognising the different types of funding needed for sustainable business models, innovation and growth - and the relative scarcity of different elements.

In 2020 we:

- Committed £12m to equity-like investments of which £7.35m was drawn by 31 December 2020
- Committed £1.7m to grant funding (of which £0.5m was drawn by 31 December 2020) for procured support within the community finance sector, to enable development and piloting of tools to build capacity and capability in the sector
- Committed £3.6m to our Covid-19 Resilience Fund (of which £3.2m was drawn by 31 December 2020) which delivered financial and technical support to community finance providers to sustain affordable lending provision through the crisis

We are focused on efficient and effective operation of our activity such that over the long term we spend less than 10% of our funds on our operational costs.

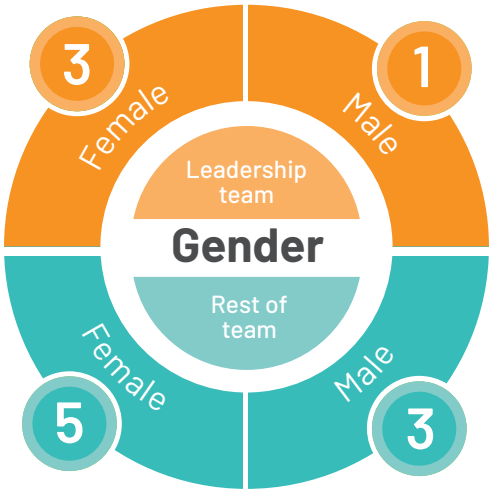
Future funding

We are delighted that on 20 May 2020 the Secretary of State for DCMS agreed that the remaining £24m from our original funding allocation would be made available to us, together with an additional allocation of £41m from dormant assets funds. This brings our total committed funding to £96m of which £31m had been drawn as at 31 December 2020.

Operations

In 2020 we moved from a startup to a fully fledged organisation. In February we moved into our own premises, after Esmeé Fairbairn Foundation had kindly hosted us in our formative stages. No sooner had we moved in the pandemic was upon us and we rapidly moved to remote working. Fortunately, we were already using Microsoft Office 365 and Teams became our way to work and share from afar.

Starting with a team of just six people we continued to attract and welcome great people and by the end of 2020 our team had 12 people[2] as follows:



[2] This includes our CEO. It doesn't include the Company Secretary, non-executive directors or our apprentice who started on 14 December 2020.

From the start we have paid attention to creating a diverse team and an inclusive culture. During 2020 we implemented the BeApplied platform across our recruitment which helps remove unconscious bias from the hiring process and instead focuses on passion, skills and lived experience.

We include below data on our pay ratio, our gender pay gap and our ethnicity pay gap. This shows that below manager level we have no gender or ethnicity pay gap which gives confidence that we have a fair system operating on parity between roles. However, we have two immediate areas where we need to effect change:

- We are overrepresented at manager and above by women
- We do not have enough people from minority ethnic backgrounds above manager level in our team

We know from our recruitment data that the issue is in attracting more applicants from more diverse backgrounds and this is a key focus for us in 2021. We also want to ensure that we pay attention to wider aspects of diversity, including social mobility, disability and other protected characteristics. We commit to collecting and transparently sharing our data to shine a light on how effective we are being next year.

Our overall pay ratio (between CEO and most junior team member)

Pay ratio 4.4 : 1

Our average gender and ethnicity pay gaps

	Gender pay gap (mean)	Ethnicity pay gap (mean)
Including CEO		
Manager and above	(21%)	34%
Below manager	0%	0%
Total	**(12.5%)**	**43%**
Excluding CEO		
Manager and above	0%	23%
Below manager	0%	0%
Total	**(9%)**	**33%**

( ) means in favour of women

We reviewed and updated all our policies and procedures - including procurement, enterprise risk framework, employment benefits and policies and management reporting - and we're in the process of rolling out our Customer Relationship Management system.

Principal risks and uncertainties

Our overall approach to risk management is in line with best practice with clear 'lines of defence' established including an Audit and Risk Committee that, among other things, is responsible for ensuring a robust risk management framework is in place and operating effectively. This ensures that we embed a positive risk culture, supported by robust processes to help us all to make well considered decisions in delivering on our vision and mission.

Governance and culture	Establishes operating structure, defines culture, demonstrates commitment to values	
Strategy and objective setting	Sets business strategy, objectives, risk appetite and levels	
Risk identification and assement	**Risk analysis** Risk identification Risk description Risk estimation	Risk evaluation
Risk response	Avoid, accept, reduce, share	
Control activities		
Information and communication		
Review and monitoring		

Statement of risk appetite

We exist because the current financial services system has failed to deliver material improvements to increase the financial resilience and wellbeing of people in vulnerable circumstances. We have been funded through Dormant Assets and have a duty to ensure we use our funding to deliver impact and be scrupulous in how we conduct ourselves.

We will be bold in pursuing sound opportunities to transform the market, after appropriate due diligence and risk mitigation. We may invest in organisations at an early stage in their growth journey. We may also invest in novel solutions that may not ultimately prove successful, taking managed and proportionate risks.

We will apply high standards of propriety as set out in the Nolan principles, including impartiality and due process in procurement and grant awards, and incorporated into everything we do.

We will set ourselves as an **exemplar of best practice in regulatory and compliance** and not expose ourselves to risk in these areas.

Key risks and mitigating controls

Relevance	Impact delivery	Reputation
Risk We have the wrong strategy; it becomes irrrelevant or can't flex to sudden change in market	**Risk** We fail to create impact through failure to prioritise appropriately or fully understand the system	**Risk** Loss of confidence from key stakeholders due to adverse publicity from our actions or communication
We will Regularly review our strategy in the context of the environment	**We will** Conduct systemic evaluations of our impact	**We will** Have open transparent engagement and seek regular feedback

Key uncertainties

The key uncertainties which present both challenges and opportunities in the delivery of our overall goals are:

- Provider resilience/market fractures - the ability of providers to survive the demands of the crisis and emerge in a good position to grow and scale
- The pace of recovery of the economy as we emerge from the crisis, which will have an impact on the number of people who are forced into debt and how many of these are able to access financial service providers or are forced into the unregulated debt market
- Consumer behaviour through and beyond the crisis - this may accelerate some changes, such as confidence in using digital tools and change attitudes to savings and debt
- Political and social structures - the approach to macroeconomics and social policy as we emerge from the crisis

2021 outlook

The ongoing health and economic crisis presents real challenges and tensions to navigate through

The number of people in vulnerable circumstances has grown because of Covid-19 – up to around 14 million people. As the pandemic continues through 2021 it's a number that's only going to increase further.

We already know the additional financial pressures placed on people in these circumstances are leaving them more open to very difficult situations, including using high cost credit, illegal money lenders or going without in a way that causes them and their families real harm.

The market context is also changing rapidly with the rise of new models such as 'buy now, pay later', and many of the high cost credit providers facing many challenges to their continued operation. This risks a significant reduction in the provision of regulated credit for our customer group. It's clear our work has never been more urgent.

We've set ambitious goals for 2021 in line with our strategic priorities and we're very clear that to deliver them we need to focus and pace our work:

Priorities	Programmes	Strategic goals	Measures
1 **Expand the provision of affordable credit** through a scaled community finance sector – setting best practice standards on the way	Deliver capital Growth capability Routes to market	Build and sustain credit provision from community finance lenders	Community finance lending capacity increased from £300m to £400m
2 **Partner with banks and financial services providers** to support the delivery of products and services for customers in vulnerable circumstances	Debt fund Partner with banks Long-term framework	Deliver funding from banks to the community finance sector Gain commitment from pioneer banks to serving this customer base	Debt Fund of £40m established Two pioneer bank relationships in place
3 **New product and market development** - develop and scale financial products and services to address market gaps	Product development Market transformation Saving and insurance	Deliver No Interest Loan Scheme pilot Design and deliver pilot for addressing appliance poverty	No Interest Loan Scheme pilot to reach 25,000 people Pilot for appliance poverty delivered

Expand the provision of affordable credit through a scaled community finance sector

We've set an overall 10x challenge for scaling up affordable credit provision. Community finance providers play an important part in delivering this challenge, grounded in their deep understanding of the customers they serve.

Build and sustain credit provision from community finance providers

We'll be making our first investments from our expanded Affordable Credit Scale Up Programme in mid 2021, working closely with current and potential investors to provide much needed funding.

Our other focus is on completing development and delivery of the recommendations for our Pilot and Scale Up organisations. Tools and resources already delivered in 2021 or in the pipeline for this year are:

- **Navigating uncertainty and growing community finance guide**

  Early in 2021 we launched our guide to adapting and thriving in uncertainty, which includes a scenario planning toolkit and framework for community finance providers to work with their boards to seize the opportunity to further transform their businesses

- **Mergers and acquisitions toolkit**

  While not appropriate for all, there's considerable scope for consolidation within the community finance sector. We're currently supporting a project with four credit unions to establish a roadmap for consolidation and to assess how we might best support this type of activity in line with our overall strategic goals

- **Routes to market**

  We're conducting work to establish how effective partnerships can be built between social housing and community finance providers. We'll also be conducting a wider brand research survey to understand consumer awareness and experience of financial service providers. This will inform development of marketing and brand strategies at a sector and individual organisation level

- **Technology toolkit**

  Technology presents a significant opportunity to drive more personalised and accessible support for customers and more efficiency in the delivery of services - both of which are critical to sustainable business models. Following our survey and report at the end of 2020, we are releasing the next phases of our technology toolkit throughout 2021

Partner with banks and financial service providers

Our focus is on two key goals:

1 **Delivering funding from banks to community finance providers through the launch and first deployments of our Affordable Credit Debt Fund**

We recognise community finance providers need both equity and debt finance to be able to scale sustainably. We launched our Affordable Credit Scale Up Programme with £20m and have committed a further £5m into our Affordable Credit Debt Fund as seed capital.

Over the course of the next year, we want to raise further investment into each of these funds to provide the community finance sector with much needed affordable lending capital to meet the increasing demand for fair and affordable credit.

2 Developing pioneering partnerships with banks committed to developing sustainable ways to serve customers in vulnerable circumstances at scale

The pandemic has shown us two things - many more people are in precarious financial situations and with appropriate funding it's possible to innovate and deliver meaningful solutions to people at scale much faster than many thought.

We also know the prevailing economic situation is creating pressure on many banks and financial services providers too. Combined with the pressures on individuals, this creates a very real risk of increased exclusion of those we've been set up to serve.

It's therefore critical that we work with banks and other financial services providers across the spectrum - to identify the challenges and opportunities for serving customers in vulnerable circumstances and how established providers can continue to expand their service to this group.

We were pleased to see the Woolard Review set out an ambitious pathway to building a healthier consumer credit market, highlighting the responsibility of the whole financial services system to work together to make this happen. The review set out important recommendations on increasing access to and availability of affordable credit, calling for

- Mainstream banks and financial services providers to use their expertise and economies of scale to better serve customers in the 'non prime' market, by offering alternatives to high cost credit. The Review proposed that Fair4All Finance, the FCA and HM Treasury should convene mainstream lenders to discuss their role in this market
- The FCA and Fair4All Finance to work together on improving awareness of affordable credit, including looking at regulatory barriers
- Measures to support the growth of community finance providers, including reform of credit union legislation and increasing CDFI capacity through investment incentives or subsidies

We are delighted to accept the recommendations for Fair4All Finance and are committed to working with the FCA, government and industry to take them forward.

New product and market development

Develop No Interest Loan Scheme and explore solutions for appliance poverty

A key part of our strategy refresh was detailed segmentation of customers and the different types of financial services provision available to them. This work has informed our focus areas:

- We believe some customers, while in precarious financial circumstances, can and should be served by banks and other larger financial services institutions
- Some customers both value and need more community based support, different products and involvement - which community finance providers are ideally placed to support
- Finally, there are some customers for whom very limited financial products and services exist – whose only real options fall between very high cost credit, illegal money lending and going without

Our work in new product and market development is focused on this final group - to identify needs, consider whether potential solutions already exist either in the UK or overseas and explore how appropriate solutions could be developed in partnership with others to meet those needs in a sustainable way. In 2021 we will focus on the following:

- Pilot for No Interest Loan Scheme in the UK
- Addressing appliance poverty
- Consolidation loans

Research into the greater financial exclusion of certain minority ethnic groups

While we know that certain minority ethnic groups achieve worse financial resilience outcomes than the overall population, there's little research on the root cause of this and how it interacts with financial services provision.

For example, we know that over 20% of fraud claim rejections are for people from minority ethnic groups despite those groups only comprising 10% of the population. Our research will explore:

- What works for different communities in terms of models of financial services provision
- The indicators on the product provision of financial services firms for underrepresented groups, including whether product design and marketing are sufficiently tailored or if they exclude groups
- Developing best practice on data collection and board and team diversity

We're delighted that StepChange are already collaborating with us on this research and we would welcome others who would like to get involved.

Summary

The challenge we seek to address has got bigger and more critical. In 2020 we created a high calibre team and supported and challenged them to deliver great quality output. We sustained energy and momentum in a challenging environment, laid foundations for delivery at scale and built open and trusted relationships with key stakeholders.

We appreciate the additional funding commitments made to us which have allowed us to set ambitious plans for delivery in 2021. We also thank everyone who has given their time and insight so generously to help us deliver on our mission – collaboration across government, business and civil society will be critical to making a sustained difference to those who need it most.

Sacha Romanovitch OBE
CEO

Governance report

Governance structure including role of The Oversight Trust

The Board of Fair4All Finance is responsible for the governance of the activities of the company including strategy, policies and procedures, day to day operations and ensuring that its funds and resources are at all times applied in a manner that is compatible with its obligations.

Fair4All Finance is funded from the England portion of funds for financial inclusion under the Dormant Bank and Building Society Accounts Act 2008. This funding is distributed via the National Lottery Community Fund (NLCF) under a funding agreement.

The Oversight Trust – Assets for the Common Good (The Oversight Trust) is the sole member of Fair4All Finance and a governance agreement is in place. The Oversight Trust's aim is to ensure that Fair4All Finance remains true to our objectives and in particular to:

- ensure that we are well governed
- ensure that our strategic plans are in accordance with our objects
- review achievement of social impact
- review transparency of financial and impact reporting
- ensure that any proposed changes to our objects are appropriate
- provide guidance and advice if appropriate and practicable, or as requested

A governance agreement between Fair4All Finance and The Oversight Trust sets out the key processes and powers that enable these responsibilities to be fulfilled. Fair4All Finance reports regularly to The Oversight Trust on its financial performance, its investments as well as Board and senior manager appointments. The Oversight Trust is not involved in making investment decisions or other operational issues.

The Board

The Board of Directors of Fair4All Finance are responsible for the governance and oversight of the company. The Board comprises 10 non-executive directors and two executive directors and reflects the purpose of the company through financial and/or social sector expertise. All Board members have signed up to the 7 Principles of Standards in Public Life.

The Board meets regularly and is committed to undertake an annual review of its effectiveness, including the Senior Independent Director, Sir Leigh Lewis, feeding back on the Chair's performance. Fair4All Finance has three Board Committees which also meet regularly:

- **The Finance Grants and Investments Committee (Chaired by Richard Collier-Keywood OBE)** is responsible for providing oversight and considering all issues related to the financial, grant and investment performance, strategy, policies, and processes of the Company and its compliance with all regulatory requirements. All investments require approval by the Board based on the recommendations from the Committee.
- **The Culture, Talent and Remuneration Committee (Chaired by Joanna Elson CBE)** leads the process for board appointments and CEO succession and remuneration and makes recommendations to the Board for approval. In addition, the Committee has responsibility for monitoring the activities of, and providing advice to, the executive team on issues related to the culture and the people strategy of Fair4All Finance including diversity, equity and inclusion.
- **The Audit and Risk Committee (Chaired by Sir Leigh Lewis KCB)** is responsible for overseeing management processes and other arrangements to ensure the appropriateness and effectiveness of systems and controls, including risk management. The committee is also responsible for reviewing the Company's Annual Report and Accounts and making recommendations to the Board in respect of their approval.

Our Board

We are fortunate to have a Board with a breadth and depth of skills and experience.

Non-executive directors

Richard Collier-Keywood OBE Chair

Previously Global Vice-Chairman at PwC, Richard was working with DCMS on financial inclusion in an advisory capacity during 2018. He is currently Chair of a number of companies, charities and social enterprises, including the School for Social Entrepreneurs, Big Education and New Forest Care, and serves on the boards of Women of the World Foundation, CoGo and St George's House.

Sir Leigh Lewis KCB Senior Independent Director

Sir Leigh spent 37 years as a civil servant, latterly as Permanent Secretary at the Department for Work and Pensions from 2005-2010. He is also Chair of Drinkaware, Vice Chair of the Holocaust Memorial Day Trust and a visiting fellow at Greenwich University Business School.

Mike Anderson

Mike had a 34 year career in the financial services sector, 26 years of which were with the HSBC Group where he held various senior leadership positions, including Global Head of Asset & Liability Management, Group CFO roles and Secretary to the HSBC Group Risk Committee. Mike is currently a Trustee and Treasurer of The Papworth Trust and a Trustee and Treasurer of Outward Housing.

Ria Bailes

Ria has worked in and around social housing for 14 years and has led numerous organisational wide change and growth programmes. Ria has a breadth of experience leading human resources, corporate communications, training, community engagement and social mobility teams. She is also Co-Chair of the National Housing Federation's diversity, equality and inclusion group.

Joanna Elson CBE

Joanna is Chief Executive of the Money Advice Trust and was previously Executive Director at the British Bankers' Association. She is also a director of UK Finance representing vulnerable consumers, Chair of the Advisory Panel at Birmingham University's Centre on Household Assets and Savings Management and Vice Chair of the Friends Provident Foundation and a Chartered Director.

Fozia Irfan OBE

Fozia is Director of Children and Young People at Children in Need, a Churchill Fellow and a Leadership Fellow at St George's, Windsor. Fozia is also a trustee of the Association of Charitable Foundations and the Funders Alliance for Race Equality, advocating for a deeper understanding of inequality and how to effectively address it through funding.

Non-executive directors continued

James Invine

James is a sell-side equity analyst at Societe Generale. His focus is the banking sector and its various commercial, regulatory and macroeconomic drivers. He is also a trustee at The Limehouse Project and a non-executive director of Thrive Homes, a housing association.

Ingrid Kukuljan

Ingrid has a long career in the financial sector and a wealth of experience across asset management, capital markets and venture capital. She is currently Head of Impact at Federated Hermes and is also an Investment Committee Board Member for Girls Friendly Society.

Jennifer Rademaker

Jennifer is the head of Global Customer Delivery at Mastercard. She brings over 30 years of financial services experience, including leading financial inclusion initiatives at scale in developed and developing markets. Jennifer is also committed to an inclusive workforce and has been recognized for her advocacy in advancing women, ethnic minorities and the LGBT community.

Faith Reynolds

Faith is a consumer finance expert and acts as the Independent Consumer Representative on the Open Banking Implementation Entity Steering Group. She is also a non-executive director for the Current Account Switch Service and was previously a member of the FCA's Financial Services Consumer Panel, as the lead for technology and innovation.

Executive directors

Sacha Romanovitch OBE CEO

Sacha has a background in driving purpose led change in business through her previous roles as CEO at Grant Thornton and Chair of Access Accountancy. She has extensive experience of working with businesses, government and civil society to address key systemic issues. Sacha is also Co-Chair of the Inclusive Economy Partnership and a non-executive director at LeapFrog Investments.

Linda Stevens Company Secretary

Linda worked with PwC for 27 years and has extensive experience of leading and working with dynamic, complex and diverse leadership teams, developing strategies for successful business performance. A chartered accountant and chartered tax professional with an MBA, Linda is also a Parish Councillor and a Trustee for St Michael's Hospice and Weald of Kent Grammar School.

As a Board we are conscious that we have responsibilities across four domains:

- Governance – ensuring that the Executive make the highest quality decisions and investments in accordance with agreed processes
- Ambassadors – we represent Fair4All Finance in all that we do
- Experts – in our respective areas of expertise we bring experience, knowledge and an external perspective to our decision making
- Critical friends – where appropriate we aim to provide real time support and constructive challenge to the Executive

The Board is committed to Fair4All Finance being a diverse organisation that is representative of the people and communities we serve. The Board believes that this begins with setting the tone from the top and strives to ensure that its members reflect diversity in its broadest sense across culture, demographics, skills, experiences, age and gender.

The Board believes that having access to a range of perspectives and evidence-based research is critical to support good decision making, strong business performance and sustainable social impact. All members of the Board have signed a diversity, equity and inclusion statement and have appointed one of its members, Fozia Irfan, as the Diversity, Equity and Inclusion Sponsor.

Board attendance record for 2020

Meeting	Main board	Finance, Grants and Investment Committee	Audit and Risk Committee	Culture, Talent and Remuneration Committee
Number of meetings held	**13**	**5**	**3**	**2**
Non-executive directors:				
Richard Collier-Keywood	13	5	-	-
Sir Leigh Lewis	13	-	3	-
Joanna Elson	10	-	-	1
Faith Reynolds	13	-	-	1
James Invine	13	5	3	-
Ingrid Kukuljan	13	5	-	-
Joined 1 June 2020	**7**	**4**	**3**	**2**
Mike Anderson	7	-	3	2
Fozia Irfan (stepped down from Finance Committee 11/20)	6	3	-	-
Ria Bailes	7	-	-	2
Jennifer Rademaker (appointed to Finance Committee 11/20)	7	1	3	-
Executive directors:				
Linda Stevens	13	5	3	2
Sacha Romanovitch	13	5	3	2

Report from Culture, Talent and Remuneration Committee

The Culture, Talent and Remuneration Committee met twice in 2020. The Committee has overseen the development of the culture and people strategy, the resourcing strategy for ensuring that the company has access to the right skills and experience, and the remuneration policy and benefits package which supports Fair4All Finance being a financially inclusive employer.

Our approach to setting salaries reflects the fact that Fair4All Finance occupies a unique position bridging mainstream financial services and financial providers focused on serving people in vulnerable circumstances who are often community based and asset locked social enterprises.

The Culture, Talent and Remuneration Committee review our policies for their appropriateness in the context of our Governance Agreement. They specifically set the reward for the CEO and review reward for employees earning more than £60,000 and report to the Board on their view of the appropriateness of the reward in the context of the reward policy. All other salaries are set by the CEO.

Report from Finance, Investment and Grants Committee

Since being established in July, the Finance, Grants and Investment Committee has met five times. The Committee has overseen the budget and financial plan, reviewed investment proposals, monitored existing investments and undertaken reviews of market sectors for potential future investments.

Report from Audit and Risk Committee

The Audit and Risk Committee met three times in 2020. Its main areas of focus have been:

- The development and oversight of a comprehensive enterprise risk framework and risk register covering reputation, strategic, operational, financial and compliance risks
- Considering and making recommendations to the Board in respect of key areas of audit and accounting policy

Richard Collier-Keywood OBE
Chair

Directors' report

For the year ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Governance report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- **select suitable accounting policies for the Company's financial statements and then apply them consistently**
- **make judgments and accounting estimates that are reasonable and prudent**
- **state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements**
- **prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Richard Collier-Keywood OBE, Chair

Sir Leigh Lewis KCB, Senior Independent Director

Michael Anderson (appointed 1 June 2020)

Ria Bailes (appointed 1 June 2020)

Joanna Elson CBE

Fozia Irfan OBE (appointed 1 June 2020)

James Invine

Ingrid Kukuljan

Jennifer Rademaker (appointed 1 June 2020)

Faith Reynolds

Sacha Romanovitch OBE, CEO (appointed 7 January 2020)

Linda Stevens, Company Secretary and Executive Director

Disclosure of information to auditors

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

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

Post balance sheet events

At the time of approving these financial statements, the directors recognise that the country is facing the uncertainties of the COVID-19 pandemic. The directors are regularly updating their plans to assess the impact of these uncertainties on the overall delivery of the Company's mission and developing mitigating strategies as appropriate.

Auditors

The auditors, Buzzacott LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on 20 May 2020 and signed on its behalf.

Sacha Romanovitch OBE
CEO

Richard Collier-Keywood OBE
Chair

Auditor's report

To the member of Fair4All Finance Limited

Opinion

We have audited the financial statements of Fair4All Finance Limited (the 'Company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- **give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice**
- **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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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 Strategic report, the Governance report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements**
- **the Strategic report and the Directors' report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report, the Governance report and the Directors' 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**
- **the financial statements are not in agreement with the accounting records and returns**
- **certain disclosures of directors' remuneration specified by law are not made**
- **we have not received all the information and explanations we require for our audit**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 34, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit and Risk Committee
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
    - Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud
    - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process
    - Challenging assumptions and judgements made by management in its significant accounting estimates
    - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations
    - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant financial statement item to which they relate

We did not identify any irregularities, including fraud.

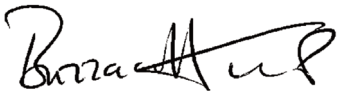
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance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

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

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

Use of our report

This report is made solely to the Company's member, 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 Company's member 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 Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)

for and on behalf of

Buzzacott LLP
Statutory Auditors
130 Wood Street
London
EC2V 6DL

Date: 21 July 2021

Statement of comprehensive income

For the year ended 31 December 2020

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Operating Income	5,000,870	642,291
Grants awarded	(3,658,828)	-
Programme costs	(839,589)	(444,560)
Operating costs	(695,258)	(197,731)
Operating (loss)/profit	**(192,805)**	**-**
Interest income from unlisted investments	147,055	-
Bank interest receivable and similar income	79,424	3,452
(Deficit)/surplus before tax	**33,674**	**3,452**
Taxation	(36,470)	(656)
(Deficit)/surplus for the financial year	**(2,796)**	**2,796**
Other comprehensive income for the year		
Monies to fund investment activity	12,000,000	-
Other comprehensive income for the year	**12,000,000**	**-**

The notes on pages 43 to 55 form part of these financial statements.

Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	6	47,046	7,565
Investments	7	7,350,000	-
		7,397,046	7,565
Current assets			
Debtors: amounts falling due within one year	8	207,646	53,496
Cash at bank and in hand	9	18,328,389	30,789,905
		18,536,035	30,843,401
Creditors: amounts falling due within one year	10	(13,453,081)	(30,308,170)
Net current assets		**5,082,954**	**535,231**
Creditors: amounts falling due after more than one year	11	(480,000)	(540,000)
Net assets		**12,000,000**	**2,796**
Capital and reserves	17		
Capital fund reserve		12,000,000	-
Retained restricted reserves		-	2,796
		12,000,000	2,796

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

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 20 May 2020

Sacha Romanovitch OBE
CEO

Richard Collier-Keywood OBE
Chair

The notes on pages 43 to 55 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2020

	2020 £	2019 £
Profit for the financial year	(2,796)	2,796
Adjustments for:		
Depreciation of tangible assets	10,065	2,521
Interest received	(226,479)	(3,452)
Taxation charge	36,470	-
(Increase) in debtors	(154,152)	(53,496)
(Decrease)/increase in creditors	(16,950,900)	30,848,170
Transfer from deferred income to capital reserve for investment commitments	12,000,000	-
Corporation tax (paid)/received	(656)	-
Net cash generated from operating activities	**(5,288,448)**	**30,796,539**
Cash flows from investing activities		
Purchase of tangible fixed assets	(49,546)	(10,086)
Purchase of unlisted shares and other investments	(7,350,000)	-
Bank interest received	79,423	3,452
Interest income from investments	147,055	-
Net cash from investing activities	**(7,173,068)**	**(6,634)**
Net (decrease)/increase in cash and cash equivalents	**(7,173,068)**	**30,789,905**
Cash and cash equivalents at beginning of year	30,789,905	-
Cash and cash equivalents at the end of year	**18,328,389**	**30,789,905**
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	18,328,389	30,789,905

The notes on pages 43 to 55 form part of these financial statements.

fair4all finance

Notes to the financial statements

For the year ended 31 December 2020

1 General information

Fair4All Finance Limited is a not for profit company, limited by guarantee registered in England and Wales, registration number 11810533. The principal place of business is 2nd Floor, 28 Commercial Street, London, E1 6LS.

The principal activity is to increase the financial wellbeing and resilience of people in vulnerable circumstances in society by increasing access to fair, affordable and appropriate financial products and services.

The presentational and reporting currency is GBP.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least one year from the date of the approval of these financial statements. In making this assessment the directors have considered the possible effects of the global Coronavirus pandemic. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.4 Funding allocation from Dormant Assets

Funding allocations from Dormant Assets are accounted under the accruals model as permitted by FRS 102. Funding related to expenditure on tangible fixed assets is credited to profit or loss at the same rate as the depreciation on the assets to which the funding relates.

Funding allocations of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure, including taxation and after taking account of any brought forward reserves.

2.5 Interest income

As the Company issues basic debt instruments in effect the interest income is the coupon rate agreed in each instrument, reflected over the lifetime of the instrument.

2.6 Income

The Company's principal source of funding comprises amounts receivable from the Reclaim Fund Limited which are distributed by the National Lottery Community Fund (NLCF) in line with a grant agreement dated 11 December 2019. Amounts are drawn down periodically based on requests to the NLCF to support cash requirements for the subsequent period. As the funding is provided to support activity it is initially recognised as deferred income in the balance sheet and taken to the statement of comprehensive income in the period in which it is used. The income is conditional on it being used to fund expenditure furthering the social purposes to increase the financial resilience of people in vulnerable circumstances by increasing access to fair, affordable and appropriate financial products and services. All income distributed by NLCF is therefore categorised as restricted, as is any additional income arising from balances held. Any such income recognised but unspent at a period end is shown as a restricted fund in the balance sheet.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Long term leasehold property	**-**	**20%per annum based on the life of the lease**
Office equipment	**-**	**25%per annum based on cost**
Computer equipment	**-**	**25%per annum based on cost**

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

The company only holds investments in unlisted organisations with no reliably determined market value. Investments are therefore stated at historic cost less impairment with any impairment recognised in the statement of comprehensive income for the period.

2.11 Debtors

Debtors receivable within one year are recorded at transaction price. Prepayments are valued at the amount prepaid.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.13 Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date due to a past event, it is probable that a transfer of economic benefit will be required to settle it and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Company anticipates it will pay to settle the debt.

Deferred income is solely restricted monies distributed from the National Lottery Community Fund, held for the purpose of increasing the financial wellbeing and resilience of people in vulnerable circumstances by increasing access to fair, affordable and appropriate financial products and services, and by analysing, promoting and developing inclusive financial services. It is committed to fund expenditure or investment for this purpose in future periods and is split between creditors due within one year and due in greater than one year based on the planned timeframe of the spend.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the statement of comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably
- at cost less impairment for all other investments

2.15 Restricted reserves

The Company's restricted reserves are equal to the Company's retained earnings, and are funds held by the Company that are committed to deployment to be spent on future activities that have not concluded in the period.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made are:

- The deferral of a portion of funding income received to future periods
- The impairment of investments

In addition to the above, the full impact following the recent emergence of the global Coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the Company's funders, suppliers and the wider economy.

4 Employees

	2020 £	2019 £
Salaries	218,580	68,182
Social security costs	23,807	6,328
Other pension costs	9,989	220
	252,376	**74,730**

The average monthly number of employees, including both executive and non-executive directors, during the year was as follows:

	2020 Number	2019 Number
Executive and non-executive directors	10	3
Programme/Operations	8	1
	18	**4**

Non-executives

The remuneration for the Chair of the Company is set at £12,000 per annum and the non-executive directors of the Company is set at £6,000 per annum. The Chair and two of the non-executives have waived their remuneration. The aggregate value of emoluments paid to the non-executive directors in the period was £34,500.

Executives

The total cost of employment of the key management team members for the period (including employer's national insurance and pension contributions) was £385,471 (2019: £115,512). Those defined as key management team members of the Company include the CEO, the Company Secretary and employees earning more than £60,000 per annum.

In the year to 31 December 2020, five individuals received more than £60,000 in remuneration. On an annualised basis the salary bands for employees paid over £60,000 are as follows:

Highest paid employee	**£145,000**	
	£90,000 - £100,000	**1**
	£80,000 - £90,000	**1**
	£70,000 - £80,000	**1**

On an annualised basis our key ratios are as follows: highest salary of £145,000 (2019: £145,000) to our median salary £56,405 (2019: £54,833) is 2.57x (2019: 2.64x). This calculation excludes the non-executive directors.

The lowest salary represents 0.58x the median salary (2019: 0.6x). This calculation excludes the non-executive directors.

In the period to 31 December 2020 Fair4AllFinance Limited had 14 employees (excluding the non-executive directors). The salary of the CEO was set by the Board. Salaries above £60,000 were reviewed by the Board. From May 2020 a Culture, Talent and Remuneration Committee has been established which reviews salaries and benefits for employees earning over £60,000 annually and confirms their appropriateness to the Board. All other salaries are set by the CEO.

Pay principles

Our pay principles are set in the context of our purpose, strategy, values and culture:

Fair

- equal pay for equal work
- appropriate to the role level, discipline and experience of the individual
- consistent with our market informed pay ranges

Clear

- where we would expect individuals to be positioned in their role pay range related to individual factors (knowledge, skills and values, experience) and external organisational factors
- how and when pay adjustments are made
- policies are in development for promotions, moves to another role within the same band and short-term assignments such as secondments

Appropriate

- reflective of a good financially inclusive employer
- market informed pay ranges
- value for money

How we decide how much to pay our people

Our approach to setting salaries reflects the fact that Fair4All Finance occupies a unique position bridging mainstream financial services and financial providers that are often community based and asset locked social enterprises, focused on serving people in vulnerable circumstances. This means that the CEO and other members of the senior team require a breadth and depth of expertise which requires drawing from the best senior level talent in a competitive market.

To deliver on our strategy with a small team, it is key that we can recruit high calibre people with relevant experience of financial services and the social sector. We believe in rewarding people fairly for the roles that they do and in creating a positive working environment.

We want to ensure that our pay strategy does not seriously restrict the availability of appropriately qualified candidates for key professional roles; specific, high level skill areas in support functions; these include operations, finance and technology. We therefore use a combined approach and, where relevant, review the finance and banking salaries lowest to median rates and the large charities salaries in the charity sector.

We accept that salaries will always be significant when it comes to attracting new talent. Although most candidates understand that salaries will be lower in the social sector, there are still expectations that pay should reflect the responsibilities of the role and the skills and knowledge that they bring. We also need to ensure we don't create an insurmountable barrier for people moving from the private to the social sector that makes it impossible to attract people with the necessary skills for the delivery of our strategy.

We set our salary bands to be in the bottom quartile in mainstream financial services in direct comparator roles and against the large charities range in the social sector. Fair4All Finance is working towards formal accreditation as Real Living Wage accredited employer, meaning all our people and contractors are paid at least the Real Living Wage/London Living Wage.

We do not apply any form of performance related pay, nor do we have a bonus scheme. For anyone on a salary of more than £60,000 the absence of performance related pay and a bonus scheme is a requirement of our Governance Agreement with The Oversight Trust.

The CEO and Director of Operations review salaries and benefits annually with a half year anomaly review. The Culture, Talent and Remuneration Committee will review the policies for their appropriateness in the context of our Governance Agreement. They review the reward for the CEO and employees earning more than £60,000 and report to the Board on their view of the appropriateness of the reward in the context of the reward policy. All other salaries are set by the CEO.

All employees are entitled to participate in a stakeholder pension scheme which in 2020 was set at 4% employer contribution and 4% employee contribution.

5 Taxation

	2020 £	2019 £
Corporation tax		
Current tax for the year	36,470	656
Total current tax	**36,470**	**656**

6 Tangible fixed assets

	Long term leasehold property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2020	-	6,000	4,086	10,086
Additions	32,083	11,393	6,070	49,546
At 31 December 2020	32,083	17,393	10,156	59,632
Depreciation				
At 1 January 2020	-	1,500	1,021	2,521
Charge for the year on owned assets	5,313	3,215	1,537	10,065
At 31 December 2020	5,313	4,715	2,558	12,586
Net book value				
At 31 December 2020	26,770	12,678	7,598	47,046
At 31 December 2019	**-**	**4,500**	**3,065**	**7,565**

7 Fixed asset investments

	Unlisted investment in East Lancashire Moneyline (IPS) Limited £	Unlisted investment in Fair for You C.I.C £	Total £
Cost or valuation			
Additions	5,000,000	2,350,000	7,350,000
At 31 December 2020	**5,000,000**	**2,350,000**	**7,350,000**

Fair for You C.I.C. is a socially responsible alternative to high cost 'rent to own' providers, enabling customers to buy essential household items such as washing machines. Alongside grantmaking trusts and foundations, Fair4All Finance has committed to a £5m bond as long term patient capital to fuel its lending growth.

East Lancashire Moneyline (IPS) is a leading CDFI serving customers in vulnerable financial circumstances. Fair4All Finance has made a significant equity investment to leverage debt finance for further lending growth.

8 Debtors

	2020 £	2019 £
Other debtors	53,494	53,496
Prepayments and accrued income	154,152	-
	207,646	**53,496**

9 Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	**18,328,389**	**30,789,905**

10 Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	6,309	-
Corporation tax	36,470	656
Other taxation and social security	26,580	-
Other creditors	3,267	-
Accruals and deferred income	13,380,455	30,307,514
	13,453,081	**30,308,170**

Included within accruals and deferred income is £13,293,496 (2019: £30,234,366) of deferred income.

Deferred income is cash received and represents restricted monies from the Reclaim Fund Limited which are distributed by the National Lottery Community Fund (NLCF), held for the purpose of increasing the financial wellbeing and resilience of people in society in vulnerable circumstances by increasing access to fair, affordable and appropriate financial products and services, and by analysing, promoting and developing inclusive financial services. The Company's funding is drawn on a basis to match the period of planned spend and investment. In order to leverage its funds, as intended by its strategy, funds are drawn and allocated to key market transformation activities to attract and secure commitments from other funders/investors as necessary to deliver the strategic goals.

11 Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Accruals and deferred income	**480,000**	**540,000**

12 Share Capital

Fair4All Finance Limited has no share capital. The liability of its member is limited by guarantee and does not exceed £1 per member.

13 Capital commitments

At 31 December 2020 the Company had capital commitments as follows:

	2020 £	2019 £
Commitments contracted for but not invested in this financial period	**4,650,000**	**-**

At the reporting date 31 December 2020, Fair4All Finance Limited is committed to investing a further £2,000,000 by April 2021 into East Lancashire Moneyline (IPS) Limited.

Interest is payable and capped at 10% per annum plus Base Rate, with an impact adjustment of up to 7% applied providing Moneyline meet their social impact KPIs.

In 2020, these KPIs were judged to have been met and interest was therefore paid to us at a rate of 3% per annum plus Base Rate.

At the reporting date 31 December 2020, Fair4All Finance Limited is committed to investing a further bond of £2,650,000 to Fair for You C.I.C by 31 July 2022. This bond is interest bearing at a rate of 10% per annum plus Base Rate, with an impact adjustment of up to 7% applied providing Fair for You meet their social impact KPIs.

In 2020, these KPIs were judged to have been met and interest was therefore paid to us at a rate of 3% per annum plus Base Rate.

14 Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £9,989 (2019 - £1,442). Contributions totalling £2,695 (2019 - £NIL) were payable to the fund at the reporting date and are included in creditors.

15 Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	128,390	64,195
Prepayments and accrued income	449,366	256,788
	577,756	**320,983**

16 Commitments under operating leases

During the year ended 31 December 2020, £3,658,828 grants were made: £463,158 to four Scale Up Pilot organisations, in relation to our Affordable Credit Scale Up Pilot programme; £3,195,670 to 27 credit unions and CDFIs from our Covid-19 Resilience Fund.

Covid-19 Resilience Fund grants made in 2020	£
Advance Credit Union	110,000
Blackpool Fylde and Wyre Credit Union	50,000
Bradford Credit Union	50,000
Bristol Credit Union	147,800
Central Liverpool Credit Union	151,000
Citysave Credit Union	40,000
Clockwise Credit Union	115,000
Croydon, Merton and Sutton Credit Union	28,370
East End Fair Finance	242,000
East Lancashire Moneyline	70,000
Fair for You	26,500
Greenwich and Bexley Credit Union	91,000
Hull EY Credit Union	79,500
Leeds Credit Union	246,000
Lewisham Plus Credit Union	100,000
London Mutual Credit Union	270,000
Manchester Credit Union	350,000
Metro Moneywise Credit Union	76,000
Nottingham Credit Union	107,000
Pennine Community Credit Union	141,500
Riverside Credit Union	90,000
South Manchester Credit Union	128,000
Street UK	221,000
The Cooperative Family Credit Union	10,000
Voyager Alliance Credit Union	100,000
West Sussex Credit Union	103,000
WSM and District Credit Union	52,000
Total	**3,195,670**
Scale Up Pilot grants made in 2020	
East Lancashire Moneyline	200,000
Enterprise Credit Union	23,158
Fair for You	50,000
Five Lamps	90,000
Total	**463,158**

17 Capital Fund Reserve

A new reserve 'Capital Fund Reserve' has been created in order to separate investment activity (both invested and committed) from programme and operating activities. This approach has been adopted to clearly separate the different tranches of draw down activity to better align with the nature of the business activity.

18 Related party transactions

There were no related party transactions in the period.

19 Controlling party

Fair4All Finance Limited's parent company and ultimate controlling party is The Oversight Trust - Assets for the Common Good, company number 07611016.

fair4all finance

2nd floor, 28 Commercial Street, London, E1 6LS

hello@fair4allfinance.org.uk

fair4allfinance.org.uk

Company number: 11810533