Fair4All Finance Limited
Annual Report and Accounts

31 December 2023

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Why we exist

Why we exist

What do you do if your cooker stops working? Or if the car you rely on to get to work lets you down? And what if you suddenly have to stop working because you're ill or looking after someone you love?

In tough times many people can turn to financial safety nets like savings, credit cards or an overdraft at affordable rates. But for the millions of people in the UK who are financially excluded these options are often out of reach.

Today, at the time of writing this report our research shows that there are at least **17.5m people who are in financially vulnerable circumstances**[1], with a spectrum ranging from those who are precarious to those who are fully excluded.

That's nearly a **third of all adults in the UK** and a number that's growing.

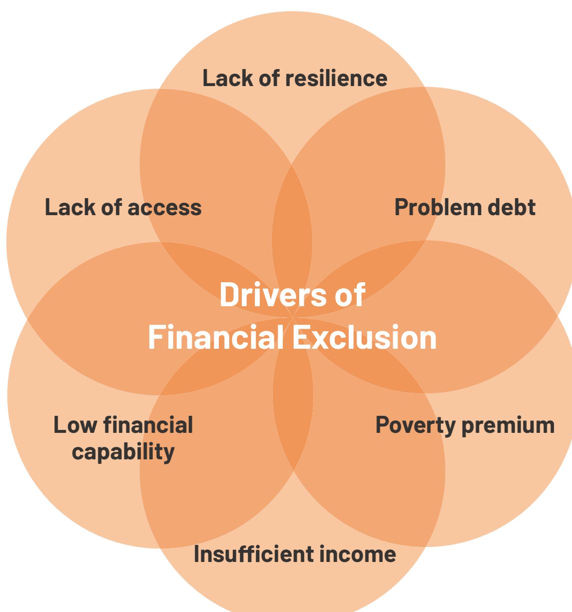
Anyone can find themselves in this situation. Ill health, low or unstable incomes and a lack of savings can all cause financial vulnerability. And life events like losing a job, separation or bereavement can strain finances and affect wellbeing.

Yet people in financially vulnerable circumstances aren't evenly spread across the country – they are concentrated in some of the most left behind areas of the UK, hardest hit by the ongoing cost of living crisis and facing dwindling options as traditional finance providers struggle or exit the market altogether.

Almost one in three families in Britain have less than **£1,000** in savings

Some **1.1m** people don't have access to a bank account

Over **9m** people are over-indebted but only 10% seek debt advice



Around **18m** adults have poor or low levels of numeracy involving financial concepts

Around **25%** of British households pay at least one poverty premium*

Over **4m** households are going without essentials like food and heating

*The poverty premium is the extra cost people on low incomes and in poverty pay for essential products and services.

[1] Fair4All Finance segmentation model research 2022, with Trajectory and CACI

Millions of families are living with the daily realities of financial exclusion, unable to access mainstream products and services which others rely upon to smooth incomes, meet unexpected costs and build their financial resilience. It's a key barrier to wellbeing, opportunity and prosperity. And it prevents people from leading richer lives and playing a full part in their communities – all of which would benefit society and boost the economy.

It's time to change that and make the financial services system fairer for everyone.

We're here to help transform the system, so that everyone has access to the right financial products and services whenever they need them.

Sources

Resolution Foundation, Precautionary tales – Tackling the problem of low saving among UK households, 2024
FCA, Financial Lives 2022 survey, p136-138
Fair By Design, The cost of living and levelling up, 2022
Joseph Rowntree Foundation, UK Poverty 2024
FCA, Financial Lives 2022 survey, p242
FCA, Financial Lives 2022 survey, p47

Our impact

We published our first detailed impact report in 2023 showing the difference our collaborative work has already made to the organisations we support, the people they serve and the wider financial services system. Ahead of our next full report in 2025/26, we'll include key yearly impact highlights in each annual report.

2023 impact highlights

Organisations we support

260 organisations have accessed our customer segmentation insights

4 out of 5 of our Affordable Credit Scale Up investees have significantly improved their profitability

£60m additional funding now leveraged from our investments

The people they serve

£65m affordable credit responsibly lent by our Scale Up investees in 2023

£497 is the average amount of interest saved by customers of our investee Salad Money

4,479 people have been given a stepping stone to financial resilience through the No Interest Loan Scheme pilot

The wider financial system

50+ cross industry stakeholders committed to action across our Financial Inclusion, Insurance and Ethnicity action groups

£19 social return generated from every £1 lent through our investee Fair for You's Food Club

23 community finance lenders have integrated an income maximisation tool in their customer journeys, reaching over 150,000 customers

Customer case studies

As we don't serve consumers directly, our impact is through the work of the organisations we invest in. The stories of the customers they help are powerful examples of the difference that well designed financial products and services can make to people's lives:

Peter

Bouncing back from homelessness

28 year old parent Peter had been made homeless after breaking up with his partner. He was not a priority for social housing as he didn't have custody of his children, so he'd been living in a hostel.

Peter needed a loan to put down a deposit on a private property. However, with an income of £1,100 per month, no credit history and ongoing child maintenance and nursery costs, he was declined an interest bearing loan due to affordability.

Instead, a credit union agreed a £500 No Interest Loan Scheme (NILS) loan enabling Peter to put a deposit down on a property he'd found. They also referred him to Mustard Tree, a charity that helps formerly homeless people to get furniture for their new property.

Peter is now living in a safe space and is able to see his children again.

Abigail

Escaping from domestic abuse

'I've had to flee my property due to threats on me, my daughter and my home. I have nowhere else to turn.'

Abigail is 31 years old and has a 14 year old daughter. She applied to NE First Credit Union for a loan to help her escape domestic abuse.

'I've had to flee my property due to threats on me, my daughter and my home so am currently staying with a friend. My social worker has done what she can, but she said that you might be able to help me. I have nowhere else to turn.'

Abigail had a new property lined up but needed funds for moving expenses and some things for the new home. She didn't qualify for a normal commercial loan as her score for affordability was very low and she also had a very poor credit rating.

However, NE First Credit Union assessed that a no interest loan of £1,000 spread over 2 years would be affordable. Abigail has since successfully moved into a new property with her daughter and is steadily paying back her loan.

Neil

Recovering from alcoholism

Neil is a 39 year old parent of a newborn baby. He had built up £12,000 worth of debt during a period of his life where he had struggled with alcoholism and was spending excessively to visit his partner in a long-distance relationship. At the time that Neil applied for a credit union loan, he was two years sober and a regular attendee of AA meetings.

Neil works as a legal advisor and his job requires him to travel a lot. He wanted to learn to drive to save money on travel costs, however the repayments he was making to creditors meant he couldn't access the credit he needed to pay for a driving course.

Neil was offered a £700 NILS loan which enabled him to pay for an intensive driving course. He has since been able to access a company car and has successfully paid his NILS loan off over a 12 month period.

Hayley

Looking for help with the cost of living

‘I felt relieved that there were so many potential options there - it was a relief that there was light at the end of the tunnel.’

Hayley works full time in the social sector and had been struggling to keep up with payments and debts as all her expenses rose exponentially due to the cost of living crisis. When applying for a small loan on Moneyline’s website to help tide her over, Hayley completed a benefits check (integrated with Inbest) and saw a link pointing her to additional sources of support available on Lightning Reach, an online financial support portal.

After signing up and completing her profile, Hayley was matched to a personalised range of support to meet her circumstances, including options she hadn’t heard of previously. The process of applying for this was made even easier, as many of the questions were already completed and pre-filled from the benefits check.

The extra support Hayley managed to access meant she was better able to cope with her rising bills and feel more in control of her finances.

‘I felt relieved that there were so many potential options there and I was surprised to discover there is actually so much support out there, and that the results were really streamlined and accurate - it was a relief that there was light at the end of the tunnel.’

About us

About us

We're working to make the financial services sector fairer for everyone

We're here to make sure that people in financially vulnerable circumstances have access to fair and affordable financial products and services. We were set up in 2019 through the Department of Culture, Media and Sport (DCMS) to tackle the issue of financial inclusion.

Our core funding comes from The Dormant Assets Scheme which makes it possible for money from forgotten bank accounts to be used for good causes. The scheme is expanding to include assets from the insurance and pensions, investment and wealth management, and securities sectors.

Our vision

Is a society where the long term financial wellbeing of everyone is supported by a fair and accessible financial services sector.

Our mission

Is to increase the financial resilience and wellbeing of people in vulnerable circumstances by increasing the availability of fair and accessible financial products and services.

We believe financial products and services can and should serve everyone

Right now, the financial sector is designed for people with predictable lives and incomes. Yet more and more people are living with unpredictability.

Circumstances such as ill health, low or unstable incomes and a lack of savings can all cause financial vulnerability. Life events like losing a job, separation or bereavement can put a strain on finances and affect wellbeing.

The right financial products can transform lives, benefit society and boost the economy

Low financial resilience and financial exclusion are key barriers to opportunity, particularly felt in left behind communities. When people can access the products and services they need, it can help them avoid harmful alternatives that could see them spiralling into problem debt.

The benefits to society are clear. Poverty is alleviated, physical and mental health is improved, and children's wellbeing and attainment increases. All this impacts the economy too. Costs are saved and more people can play a full part in society, driving economic growth.

Financial inclusion is the responsibility of the whole financial services sector

Millions of people are excluded from mainstream banks and financial services providers, unable to access the financial safety nets many people take for granted. That's simply not fair and contributes to the growing inequality across the country.

We believe there's more the whole industry can do to serve everyone, whatever their situation. Increasing financial inclusion and addressing low financial resilience has the potential to transform lives and help level up communities across the country.

Our approach to change

We work to enable the financial services industry to better serve people in financially vulnerable circumstances. We focus on strategic priorities that will make the most difference, and across each priority we:

- **Invest in organisations** already doing a good job of serving this customer group, to help them grow and share best practice
- **Research and gather evidence** to show what works well when serving people in financially vulnerable circumstances and make the case for change
- **Partner with others** to develop, test and fund new products, services and technologies that meet gaps in the market
- **Bring people together** to deliver the policy and regulation change needed to create a sustainable financial services market that works for everyone in the country

Fundamentally, all our work focuses on making the system work better for people. We want to make sure everyone has access to the right products and services, knows their choices and the provision is accessible and sustainable.

We need others to work and invest with us

Our role is as a catalyst. We can make a significant difference through our direct work, which is already proving the ways in which financial services can serve people in financially vulnerable circumstances and highlighting the size of the gap. If we are to achieve the full potential from our work, it needs further funding and policy and regulatory changes to support a sustainable market.

For far too long customers in financially vulnerable circumstances have been seen as a problem area. Yet it's hugely important for the financial services sector to serve the whole market. There's a big opportunity for forward thinking providers who are looking at their whole offer through a consumer lens and re-thinking the lifetime value of their customers.

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 know that we can make a difference and improve the lives of millions of people.

Richard Collier-Keywood OBE
Chair
24 May 2024

Strategic report

Strategic report

We made great progress in ever changing market and economic conditions

Highlights include:

Secured an extra £45m funding from the Dormant Assets Scheme

To support people in financially vulnerable circumstances with the rising cost of living. Government also confirmed financial inclusion will remain a named cause of the expanded scheme

Increased provision of affordable credit

Our first five Scale Up investees lent £65m in 2023 across 155,000 loans – up 26% from 2022. And we made new investment commitments to four major credit unions

Launched a £5m+ Community Finance Resilience Fund

To support the resilience of credit unions and community development finance institutions (CDFIs) and preserve £40m of affordable credit

Committed £30m to expand No Interest and Consolidation Loan Scheme pilots

To provide vital stepping stones to financial resilience by supporting tens of thousands of people in financially vulnerable circumstances to access lending over the next four years

Developed a shared Financial Inclusion Plan

A plan to boost inclusion across financial services, implemented by a cross sector action group

Drove industry action with research insights

Our illegal moneylending research and 'Levelling the playing field' report provided insight and impetus to cross industry action groups focused on increasing affordable credit provision and improving outcomes for people from minority ethnic groups

Overview

Ongoing economic challenges in 2023 saw more people fall into financially vulnerable circumstances and things get tougher for those already there. At the same time the supply of small sum, short term credit reduced further as providers like Amigo and Morses Club exited the market.

In that context it's important that we've made significant progress this year both on testing and scaling what works, and in building relationships with financial institutions to either serve this customer group themselves or co-invest with us.

Securing extra dormant assets funding was crucial to this and, faced with the increasing cost of living crisis, we quickly launched our Community Finance Resilience Fund and also got large providers onboard to expand the No Interest Loan Scheme (NILS) and consolidation loan scheme pilots.

Through these programmes we are also supporting the resilience of providers already serving people in financially vulnerable circumstances well, to help them thrive. And we're working with large providers to test and prove how they can develop new products, services and technology that give people vital stepping stones to financial resilience.

We know we can't do this work alone. We've engaged significantly across the financial services sector again this year, culminating in the creation of a sector wide Financial Inclusion Plan and Action Group. Participation is drawn widely and importantly includes people from financial institutions with the resources and commitment to help change the system.

Alongside this, our work in the Insurance Action Group and the Ethnicity Practitioner Group gives us a chance to work alongside providers to surface key opportunities for change and work together to implement them.

Detailed 2023 performance review

We measure our progress on three dimensions:

- Progress on our strategic goals
- Performance of our investees in delivering planned social and financial impact
- Deployment of our funding to plan

Progress on our strategic goals

We continued to focus on three strategic priorities in 2023:

1. **Increase availability of affordable credit provision to sustainably meet customer needs**
2. **Partner with banks and financial services providers to increase access to products and services**
3. **Develop the market to consistently provide products that meet the needs of all customers**

Increase the availability of affordable credit provision

We know credit isn't the right answer for everyone. Yet for many people access to a small, short term loan can help smooth incomes, meet unexpected costs and start to build financial resilience. However, there's a large and growing gap in provision to people in financially vulnerable circumstances – estimated to rise to **at least £3bn by 2025.**

Organisations we've invested in have scaled the amount of affordable credit they provide to people in financially vulnerable circumstances to £65m

We've now committed £40m to community finance providers to preserve and scale affordable credit provision to over £500m by 2025. In 2023, five of our investee organisations provided £65m of affordable credit across 155,000 loans – up 26% from 2022.

These organisations continued to serve people in financially vulnerable circumstances, showing year on year growth across the top three social KPIs - 92% of loans issued were under £1,000, 57% were under 52 weeks and 46% were to lone parents with dependent children.

We also made new long term social investment commitments to four large credit unions serving diverse communities across England, to support the preservation of affordable credit, key transformation plans and significant future scale.

Lenders continue to face challenges due to the cost of living crisis, with pressure on existing loan books and new average loan sizes, increasing compliance costs and inflationary pressure on operating costs. Despite this, our investees continue to scale their lending responsibly, ensuring more people in the most financially vulnerable circumstances are served.

And ongoing transformation projects, particularly in technology platforms, are setting investees up well for future growth. Innovations like Fair for You's Food Club are addressing specific needs such as access to small amounts of credit for extra food costs during school holidays (see 'Investment case studies' for more information).

Our investees have secured additional funding – but much more is needed

We've worked closely with CDFIs, social fintechs and investors to support refinancing and new investments, including through innovative partial guarantees. Our £27m deployment to CDFIs has leveraged at least £60m in social and commercial investments.

With our support, Great Western Credit Union raised nearly £1m long term finance from over 300 new retail investors through the ethical investment platform Ethex, showcasing the potential for other organisations to follow (see case study).

However, significant new commercial and social investment is needed to support the growth plans of organisations and truly scale the provision of affordable credit to meet demand. Without access to appropriate capital and funding, the huge growth potential of affordable credit will not be realised. We aim to build on our conversations with investors in the coming year to successfully secure this.

Reached 25m broadcast viewers with community finance awareness raising

Customer awareness of community finance lenders is very low. Our work to raise awareness of the sector in collaboration with lenders and trade bodies including ABCUL, UK Credit Unions Ltd and Responsible Finance gathered momentum in 2023. The campaign achieved extensive media coverage, including BBC Breakfast, BBC Morning Live, ITV news, GB News, BBC Radio 4 Money Box and most national newspapers, reaching over 25 million broadcast viewers and almost 2 million readers. Building on this success, we're expanding the campaign further with a second phase in 2024.

Brought key players together to collaborate on structural market change

The current credit market isn't working for all consumers. We continued to convene people from different areas of the financial services industry, the Financial Conduct Authority (FCA), social sector and government to help make more affordable credit available to people who need it. Our 'Funding Affordable Credit' work to identify the size and shape of the market, understand the costs to serve and learn from international experience boosted the evidence base and allows us to move on to implementing solutions.

Supported the growth of capabilities within the community finance sector

After consultation with providers, we launched our Leadership Learning Programme Pilot to further develop the community finance sector's capabilities and support leaders to deliver their goals. Sixteen leaders from across the sector are taking part in the pilot, focused on strategic planning and change, with overwhelmingly positive feedback. We're now planning to extend this programme into 2024 and beyond.

'I think this might well prove to be one of Fair4All Finance's best investments of all – the leadership challenge is very real and this feels as though it's a valuable way of addressing it.'

Leadership Learning Pilot Programme participant

Launched a £5m+ Community Finance Resilience Fund to preserve and grow affordable credit

Amid the cost of living crisis, we consulted and collaborated with the community finance sector to co-design a £5m+ Resilience Fund. The mixture of grant and investment funding will support the resilience of community finance providers and the sector and help preserve around £40m of lending targeted to customers in financially vulnerable circumstances.

Investment case studies

Our investments are designed to increase the availability of affordable credit provision, prove sustainable business models for serving people in financially vulnerable circumstances and leverage further funding to create scale. We offer an impact adjusted return to our investees - reflecting the purpose of our social investments. We've picked out three examples of this in action.

Investing to grow fair and affordable credit and unlock further funding

Salad Money is a purpose driven fintech offering small sum loans to public sector workers who can't access mainstream credit. They use Open Banking and machine learning to assess affordability, so applicants aren't penalised or unfairly excluded for having an impaired or thin credit file.

We have invested £7m in Salad since May 2021 to support their growth, during which time they've grown their net loan book from £3m to £25m.

To further support Salad's scaling ambitions we agreed an innovative partial guarantee in October 2023 to facilitate an impact investment of up to £2m from Ceniarth, a US based family office which funds market based solutions to benefit underserved communities across the globe.

This funding will enable Salad to address surging demand amid the cost of living crisis, facilitating the provision of over £4m in additional customer loans over the next 12 months.

This collaboration with Ceniarth not only underscores Salad's ability to attract investment, but also serves as a blueprint for other investors to follow Ceniarth's lead and unlock the potential of the UK's community finance sector.

Tackling food poverty during school holidays

Food Club is a partnership between the award winning CDFI Fair for You and supermarket group Iceland that aims to stop food poverty during school holidays. Fair for You provides interest-free micro loans of up to £100 that can be used for grocery shopping at Iceland.

We have invested £5.5m into Fair for You since 2019 to help grow their lending, transform their technology infrastructure and develop new products. While they implemented their operational changes, Fair for You increased their loan book by £3m and reached profitability. During this period they also designed, tested and launched two new products – Food Club and their Shopping Card product.

Food Club is used by customers in the most financially vulnerable circumstances, with a median income after tax of around £1,300 per month and half of customers being a single parent. Independent social impact reports show that the impact is more than just meeting a customer's immediate ability to buy food, with 71% of customers improving their diets and 41% of customers reporting reduced stress, anxiety or depression.

Our investment into Food Club helped Fair for You to support more than 60,000 customers in 2023 during the cost of living crisis, showing how quickly dormant assets funding can have a direct impact on people in society who are struggling.

Since we received additional dormant assets funding to directly tackle the effects of the cost of living crisis, we were able to make an additional £2m investment specifically into the Food Club product to support more customers.

Using our investments to leverage further funding

Great Western Credit Union (GWCU) is a large credit union serving the Southwest. They provide key financial services such as savings, lending and advice to their 19,000 members and are deeply committed to local initiatives such as the UK Resettlement Scheme, through which they helped 128 refugee families in 2022.

We made a £1.6m investment in GWCU in 2022 to support the growth of their business and further improvement of their technology infrastructure. Their loan book has grown by £1.6m in the past year as they've served around 10,000 customers with loans.

Part of our investment could be unlocked through matched funding as more funding was needed for their growth.

Together with ethical retail investment platform Ethex and our support, GWCU was able to raise £980,000 from over 300 retail investors which we matched pound for pound.

This investment raise was the first time a community finance provider had successfully raised money from private investors. Its success indicated a new route of fundraising for the sector and serves as a blueprint for other providers for their own fundraising. We expect more providers in the sector will use this opportunity.

Partner with banks and financial services providers

Major retail banks and financial services providers are important in making sure the market works for everyone, regardless of their circumstances. Many have invested in financial education, basic bank accounts and supporting existing customers who fall into financial difficulty. Yet much more is needed for the growing number of people in financially vulnerable circumstances and banks and other providers have a real opportunity to play a bigger part. There are two key strands of work in this area:

- Building evidence and supporting resources to enable mainstream financial services providers to serve this customer base well

- Building consensus and identifying funding for a sustainable market serving this customer base at scale

Key achievements this year are summarised below, we:

Convened key players to implement an industry wide Financial Inclusion Plan

We know we can't solve financial exclusion alone, so we set up a cross sector Financial Inclusion Action Group to focus on ensuring the whole industry plays a part in addressing financial inclusion. In addition, we are working closely with trade member organisations such as UK Finance, the Building Societies Association and the Association of British Insurers.

We also worked closely with the City of London as part of Lord Mayor Nicholas Lyon's Financial Inclusion and Literacy Steering Committee, which endorsed the Financial Inclusion Plan with a specific focus on extending affordable credit options and maintaining financial capability as a priority.

'Lloyds Banking Group have been working closely with Fair4All Finance for a number of years, supporting our purpose to help Britain prosper and create a more inclusive future for people. We are grateful for the continued expertise and knowledge that the collaboration with Fair4All Finance has provided, driving change within our business and across the sector. Collectively as an industry, we are able to build and test solutions that are a catalyst for change for millions of people in financially vulnerable circumstances.'

Surina Somal, Director, Group Customer Inclusion & Customer Specialist Support Transformation, Lloyds Banking Group

Used our insights to help organisations better understand financial vulnerability

With the FCA's new Consumer Duty requiring firms to act to deliver good outcomes for customers, firms understanding the needs of all of their customer base is key. We held in depth segmentation sessions with four banks and building societies to enhance their understanding of customers in financially vulnerable circumstances. We also hosted a joint session with six banks to encourage the sharing of best practice. Due to our partnerships, one bank is now looking at developing a more detailed segmentation project based on the Fair4All Finance segments.

'Metro Bank has been working with Fair4All Finance over the last two years. Their knowledge and insight have enabled us, as an inclusive bank, to work collaboratively across the sector. We have recently introduced Fair4All Finance's customer segments to our customer population. This combined data will not only help us to understand and support customers who are in financially vulnerable circumstances, but also co-design tailored solutions to build resilience for those that need it most.'

Chris Fisher, Head of Customer relations, Metro Bank

Secured further commitment of funds

We extended our partnership with JPMorgan Chase, securing a £2.5m commitment to support our consolidation lending work. This funding is in addition to their previous £1.2m commitment to our NILS pilot and the £250,000 grant for scaling income maximisation tools which help connect people to benefits. It's a great example of how funding from a mainstream provider can be used to help customers in financially vulnerable circumstances, and we'd love more providers to follow suit.

'Financial health is key to strong communities where individuals can manage their day-to-day financial lives, weather unexpected emergencies, and pursue economic opportunities, yet too many people lack access to the resources and tools they need to build a strong financial foundation. We're proud of our long-standing partnership with Fair4All Finance, exploring solutions that can help more families build their financial resilience.'

Hang Ho, International Head of Philanthropy, JPMorgan Chase

Published research on how ethnicity influences financial inclusion and convened practitioner group for change

Our research found that people from minority ethnic groups experience discrimination and face multiple barriers to accessing financial services in the UK. In response we brought together a practitioner group, including some of the UK's largest banks, building societies and challenger banks to collaboratively turn research recommendations into actionable solutions. Members include Barclays UK, Lloyds Banking Group, Metro Bank, Nationwide, Santander, Tesco Bank and TSB.

Strengthened relationships and built on initial collaboration with mainstream banks

We engage monthly with the top five banks (covering 80% of UK retail current accounts) and regularly with UK Finance. We've worked collaboratively to explore how products and services can be further improved to address customer needs and to foster closer engagement between mainstream providers and the community finance sector.

In 2024 we plan to run pilots to test referral options that bridge the gap between mainstream and community finance, and work with banks to develop and test direct inclusive design solutions to address customer need.

While the engagement and development in this area is recognised and welcome, banks and mainstream finance providers must do more to address the needs of the growing number of people in financially vulnerable circumstances and create sustainable solutions to the problem of financial exclusion.

Develop the market to consistently provide products that meet the needs of all customers

At the moment, people in financially vulnerable circumstances are under-served. Their needs are not recognised as distinct or attractive to serve, and innovative propositions that would enable them to be better served aren't being developed. We're working with the industry to change this, so that the market supports the design and delivery of new products and services, both now and in the future. This year we have:

Committed £30m funding to expand both the NILS and consolidation loan scheme

We set up the UK's first financial services subsidy scheme, attracting over £100m of bids for £30m of funding to support commercial/mainstream lenders to deliver cost of living propositions, including no interest and consolidation loans. In this scheme we're testing an innovative bad debt guarantee, where any profit goes back into the guarantee funding pot. This sets up a positive cycle of funding for risks, so providers can test different solutions.

Helped organisations serving millions of customers better understand financial vulnerability and design solutions

Our segmentation of people in financially vulnerable circumstances continues to be well used by banks, building societies and insurers, and in 2023 we started to see organisations use this as an input for proposition design. 260 organisations have now accessed these resources – up from 120 in 2022 – and we've facilitated bespoke deep dive sessions with four major financial institutions, serving almost 50m customers in the UK.

In 2024 we'll take this to the next stage, focusing on what portfolio of propositions is needed to improve financial resilience for each of the segments. We're delighted to be working with organisations in the design phases and are looking for more organisations to support with delivery.

No Interest Loan Scheme pilot picked up pace with positive early indicators

Our initial community finance NILS pilot, in partnership with Fair By Design, was fully up and running in 2023 with six lenders across Great Britain delivering 4,479 NILS loans (£2.8m of lending) by 31 December 2023.

After a slow start, in part due to technology and capacity challenges as well as the impact of the cost of living on customers' ability to afford even small loans without interest, the pilot picked up pace with the appointment of an additional nationwide lender in the summer.

Early indicators are positive and suggest the pilot is increasing customers' ability to access affordable credit, with roughly a third of borrowers going on to take out a subsequent commercial loan and the same portion of those borrowing from a credit union also starting a savings habit. NILS is benefitting lenders too, enabling them to serve more customers with the pilot increasing lenders' overall yearly volumes by 7% in 2023. And while still early days, bad debt levels have been relatively healthy to date at less than 5%.

A full evaluation at the end of the pilot will test the benefits to customers, society and the economy and show whether a permanent nationwide NILS can be delivered in a sustainable way.

Snapshot: Who are the NILS customers?

38% live in social housing and 37% are private renters

40% are in receipt of benefits

Nearly two thirds of NILS customers are single (including divorced, separated, or widowed)

Average loan value of £619

Almost half of NILS customers have at least one dependent

A fifth of NILS loans were issued for essential household items or furniture

Helped over 100,000 customers identify an extra £705 each in unclaimed financial support

We've worked with income maximisation suppliers, lenders and the Behavioural Insights Team to help more customers identify if they're eligible for any of the £19bn of benefits, grants and social tariffs that go unclaimed every year. In 2023, 23 community finance lenders integrated an income maximisation tool with our support, reaching over 150,000 customers. 70% of these customers identified they were eligible for additional benefits and social tariffs, averaging an additional £705 each per month.

Supported new initiatives to drive growth in community finance

We supported a consortium of credit unions in Greater Manchester to refresh and relaunch their SoundPound brand. Fair4All Finance and the credit unions worked together to hold a relaunch event with the Mayor of Greater Manchester, Andy Burnham, in January, leading to an increase in demand of c30% in the following weeks. This consortium approach is a great example of how credit unions can work together to grow and create financially inclusive places. We have committed funding to help SoundPound build on its initial success.

Invested in our first technology solutions for community finance

Technology is crucial to offering small amounts of unsecured credit in an efficient and cost effective way. Yet there is currently a key gap in the market for agile loan management systems designed and priced for community finance providers. We made a joint venture investment with Singlify, providing them the funding to extend their existing loan management system to incorporate functionality specific to UK credit unions. The Singlify solution, built on the Salesforce platform, makes world class technology accessible and affordable to community finance providers.

Performance of our investees in delivering planned social and financial impact

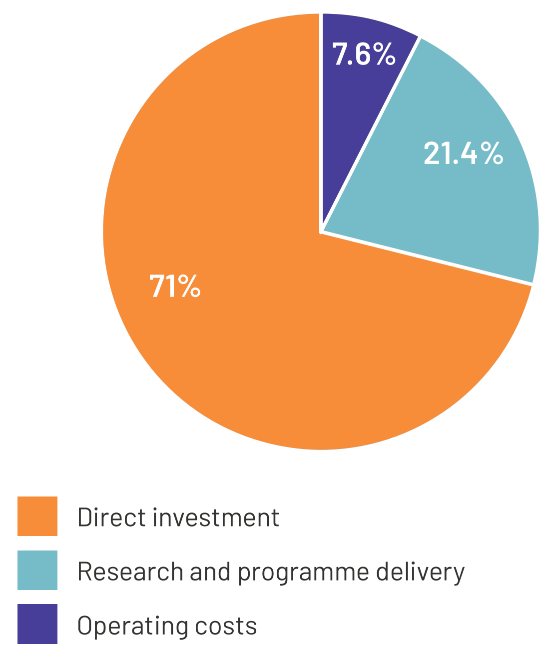
Despite market conditions being difficult, we are pleased that overall our investees are meeting and exceeding the social impact KPIs we set with them. Growth in lending is strong across all five of our Scale Up investees, with four out of the five significantly improving their profitability. And while arrears are increasing in some customer cohorts, overall these are well controlled across the portfolio.

While we're broadly satisfied with the progress of our investees, we have further impaired our investments to reflect the likelihood that financial performance will be lower than originally expected at the time of investment.

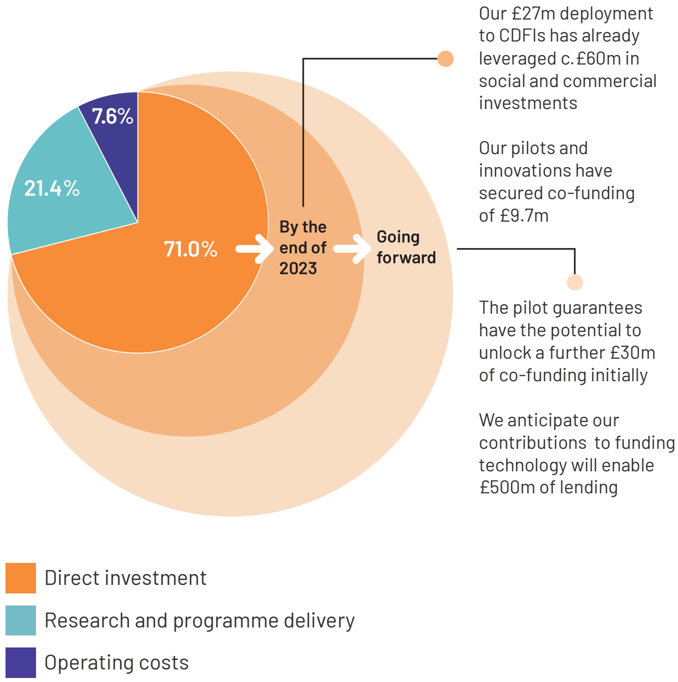
Deployment of our funding to plan

The funding allocated to us by the Secretary of State is drawn on an 'as needs' basis via The National Lottery Community Fund.

Cumulatively, we have drawn £142.2m against total allocated funds of £145m, of which £55m has been deployed as follows:

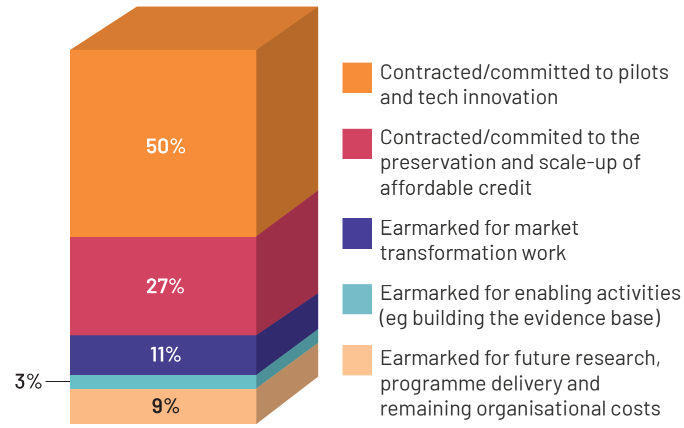


Our cumulative deployment and co-funding potential



Plans and commitments for fund deployment

The £90m fund allocation to Fair4All Finance which is yet to be deployed is split as follows:



Our deployment covers three broad areas:

- Direct investment and support for organisations
- Research and programme delivery
- Operating costs

We were delighted to finalise the grant agreement for the £45m cost of living funding in early autumn. This allowed us to drawdown funds to expand the NILS and consolidation loan scheme and launch the Community Finance Resilience Fund.

Throughout the year, we developed relationships with providers and conducted thorough consultations to prepare for rapid action once the funding became available. The response to the NILS and consolidation lending pilot expansion opportunities was positive, with bids exceeding the available funding. We evaluated bids, selected bidders and reached heads of terms before the year end, with contracts to be finalised in 2024.

We continue to find innovative ways to maximise the impact of our funding. One example is providing a partial bad debt guarantee which enables £1 of our resources to support £8.50 of lending. To meet such guarantees, we ensure funds are ringfenced in our financial statements for contingent commitments.

Specifically on our deployment of investments to date for scaling the provision of affordable credit, at year end we have contractually committed £27.4m, of which £22.9m has been drawn down.

Given the nature of our funding and our goal of creating a sustainable market, these programmes need substantial collaboration. We are delighted that this year we have secured additional funding from JPMorgan Chase Foundation to expand our pilots into 2024.

Our operating costs increased from £1.0m to £1.2m and stayed within our target of being less than 10% of our total annual deployment of funds.

2024 outlook

Context

Economic and market conditions are expected to remain challenging in 2024, both for people in financially vulnerable circumstances and the organisations serving them.

Many families have depleted savings, reducing their ability to deal with life's ups and downs. As more people struggle to pay bills and their credit records are impacted, many are falling out of mainstream financial services provision, often for the first time.

Access to small amounts of affordable credit is increasingly important for a growing number of people. However, there has been a significant market shift since we started our work in 2019, with large commercial lenders exiting and others tightening lending criteria.

All of this means our work is even more important, focusing on early interventions to support people and prevent them from spiralling into historical patterns of debt.

In addition, a likely forthcoming general election will bring both challenges and opportunities for considering long term policy and regulatory changes to create a sustainable system that serves everyone.

Our focus

With the above context in mind, our goals for 2024 under each of our strategic priorities and cross-cutting activities are summarised below:

Increase availability of affordable credit to sustainably meet customer needs

Our specific goals for this year are to sustain and grow the provision of affordable credit delivered by community finance providers, build capability and awareness of the sector and attract significant investment into community finance.

Partner with banks and financial services providers to increase access to products and services

Our specific goals for this year are to build cross party support and stakeholder commitment to financial inclusion, and to secure commitments from banks and commercial providers to deliver an improved offer to customers and deploy more capital into community finance.

Develop the market to consistently provide products that meet the needs of all customers

Our specific goals for this year are to deliver existing pilots at scale to establish early learning and proof points and establish market mechanisms that improve the supply (funding, innovation), demand (well-designed propositions, awareness) and support challenges (regulation, technology) in the market for our customer groups.

Enabling activities

Our specific goals for this year are to provide consumer insight and resources to inform the activity of mainstream and community finance providers, deliver research on market dynamics to inform strategy and policy priorities, and ensure our communications are effective so that our stakeholders understand what we do, feel engaged in our work and take action to support the delivery of our goals.

Strengthening our foundations

Our goals for this year continue to be to build our capacity and capability to enable scaling of delivery and delivery to budget, drive efficiency and risk management, design delivery models to secure partnerships that protect how our funding is used and strengthen systems to manage data and funding requirements.

Other areas of focus

Other areas of focus for this year are considering the impact of physical branch closures and digital exclusion on access. We aim to identify barriers and opportunities for specific segments of the population, where early design interventions can prevent further exclusion.

We are also interested in the opportunities presented by Open Finance, in particular the adoption of payments innovation and enhancements to the credit information market. Technologies that can help scale community finance and enable consolidation lending are other areas of interest, as is the role that price comparison websites could play in extending access to community finance providers.

We are excited to explore those opportunities and challenges with providers and collaborate with the FCA in their tech sprints.

Key uncertainties

These are the things we know about but are not sure how they may develop. They could cause big changes in the lives of people we're trying to help, which might need us to pivot our work during the year:

- **Political environment**
  Inevitably in an election year there is uncertainty over whether there will be a change in government and the shift in priorities that might bring. It will be critical to try to ensure that whatever administration is in place following the election retains a focus on financial inclusion to allow us to carry on our important work

- **Geo-political instability**
  The ongoing Russian invasion of Ukraine and potential escalation of war in the Middle East are adding to tensions across the globe. This could create economic shocks, including a worsening energy crisis in the UK, that might mean we need to pivot our work rapidly

- **Climate change acceleration**
  With the acceleration of climate related issues across the world it's crucial that people in financially vulnerable circumstances are able to work through the transition to net zero, particularly with indemnifying losses through motor and home insurance, given how hard it is to recover and move forward from extreme weather conditions and its affects on homes and livelihoods

Key risks and mitigating controls

We regularly review our strategic and operational risks. To align to our stage of delivery and the major external drivers affecting our mission, we have updated the top three risks to achieving our strategy:

Government Support	Partnership	Delivery Model
Risk: We fail to secure political commitment to financial inclusion, which therefore means we're undermined in gathering support for longer term structural change	**Risk:** We are unable to deliver impact because we have failed to secure suitable, significant partnerships to deliver what we've commited	**Risk:** We are unable to deploy at scale with the appropriate safeguards over private gain and value for money because we haven't got the appropriate platforms in place

Government Support: It is a key priority to sustain government focus on financial inclusion and continue to build new and existing ministerial relationships. We maintain high levels of active and open engagement with government and other key stakeholders, convening roundtables and events to inform the agenda, through evidence based research, on why financial inclusion is critical to people in financially vulnerable circumstances and benefits society and the wider economy.

Partnerships: To deliver social impact requires a commitment towards partnership. We continue to work with mainstream finance, policy makers, regulators, community finance and third sector organisations to create more value and drive change. Our communication plan updates partners on our progress and challenges whilst the development of a shared Financial Inclusion Plan has outlined how coordinated action is the key to success.

Delivery Model: Investment in our delivery model to leverage direct investment into community finance and enable product design and delivery underlies our ability to deploy at scale. Part of this requires engagement with commercial organisations which are unlocking growth and innovation across the industry. Our Board and Executive continue to review our operating model and routes to market, ensuring robust due diligence/safeguards and monitoring mechanisms, whilst seeking independent evaluations to inform delivery adaptations and value for money.

Summary

We were delighted to start 2023 by securing an extra £45m dormant assets funding, which we have been deploying quickly and efficiently to make a difference to the people who need it most.

We are delivering on our goals in ever changing market and economic conditions – flexing our strategy where appropriate while remaining true to our core mission so that we are making a difference now and for the long term. We launched our first Impact Report in 2023 to show how investment can benefit the organisations we support, their customers and the wider financial services system.

Our increasing evidence base and groundwork with a wide group of stakeholders has enabled us to gain alignment on an industry wide plan to boost financial inclusion. And we have made great progress in convening others towards implementing solutions through our action groups.

We know we cannot change the financial system on our own and need to secure the engagement of the financial services sector at scale, and policy makers and regulators. The contribution of mainstream providers remains key, and we will continue to work with banks, building societies and insurers to secure commitments to serving more people in financially vulnerable circumstances and funding others who already do this well.

Working with community finance providers remains critical, and we are pleased to have strengthened our relationships and co-working this year. Credit unions and CDFIs play a key role in serving people in financially vulnerable circumstances well and we remain committed to helping grow the provision of affordable credit through this sector.

We know the journey to increasing financial inclusion is long, and one we can't take on our own. All our work is in collaboration with others and we're thankful for the generosity and insight of each of our stakeholders and to our team whose commitment and passion for making a difference has enabled us to do so much.

Together we remain focused on creating a financial system that provides fair and affordable products and services to everyone who needs them.

Sacha Romanovitch

Sacha Romanovitch OBE
CEO
24 May 2024

Diversity, equity and inclusion report

Diversity, equity and inclusion report

Our work, our voice and ourselves

We have been deepening our understanding and practice of diversity, equity and inclusion (DEI) across three strands – our work, our voice and ourselves. At executive team and board level we continue to challenge ourselves to bring a DEI lens to all our activities, recognising that addressing inequalities in ourselves and others is crucial in changing the system.

Our work

In 2023 we have improved and promoted diversity in our work, holding others to account to be inclusive in the work they do, products and services they provide and within their teams.

This has included asking those we invest in to measure how they support across different diverse categories including gender, Index of Multiple Deprivation (IMD) decile, ethnicity (via proxy measures) and parenting status.

We published our research into the financial exclusion of people from minority ethnic groups and have convened an industry practitioner group to turn the recommendations into actionable solutions.

Our segmentation model which includes diversity data has been used and downloaded by mainstream firms. We have done this in three waves with the latest in December 2023.

Our voice

In 2024 our focus for using our voice is to build on the impact we have already made with our research to:

- Engage with financial services and the social impact community on policy, products and services to increase the financial inclusion of underrepresented communities

- Increase the understanding and awareness of the inequitable outcomes of the financial services system on diverse groups of people

Some of the headway we've already been able to make off the back of the research includes:

- Adding to the evidence base with research on the experiences of exclusion by ethnicity in the UK – an area that's been little explored since the Runnymede Trust's landmark Financial Inclusion and Ethnicity report in 2008

- A strong focus on getting lived experience in the research and leading with this where appropriate

Ourselves

We continue to maintain a diverse team* as we have grown by using hiring practices which reduce unconscious bias, and enabling hybrid, flexible working to ensure we continue to deliver on our commitments to flexibility and diversity.

2023 was a challenging year in terms of the cost of living and we have sought to ensure that our remuneration package is reflective of Fair4All Finance being a good financially inclusive employer whilst delivering value for money for dormant assets funds.

As the team has grown in 2023, our focus for 2024 is on further embedding the principles of our 'Ourselves' vision across the organisation to ensure:

- Shared understanding and support for why diversity, equity and inclusion is important and also beneficial across all levels of our organisation
- Shared understanding and experiences of our culture, values and behaviour principles
- Our cultural values form the basis for everything we do, how we operate, how we engage with others and our overall priorities and goals
- Inclusive, fair and transparent processes across our organisation which support and celebrate diversity, equity and inclusion
- Diversity, equity and inclusion which is integrated into our processes, rather than an 'add-on'

* including our Board and Independent Committee Members

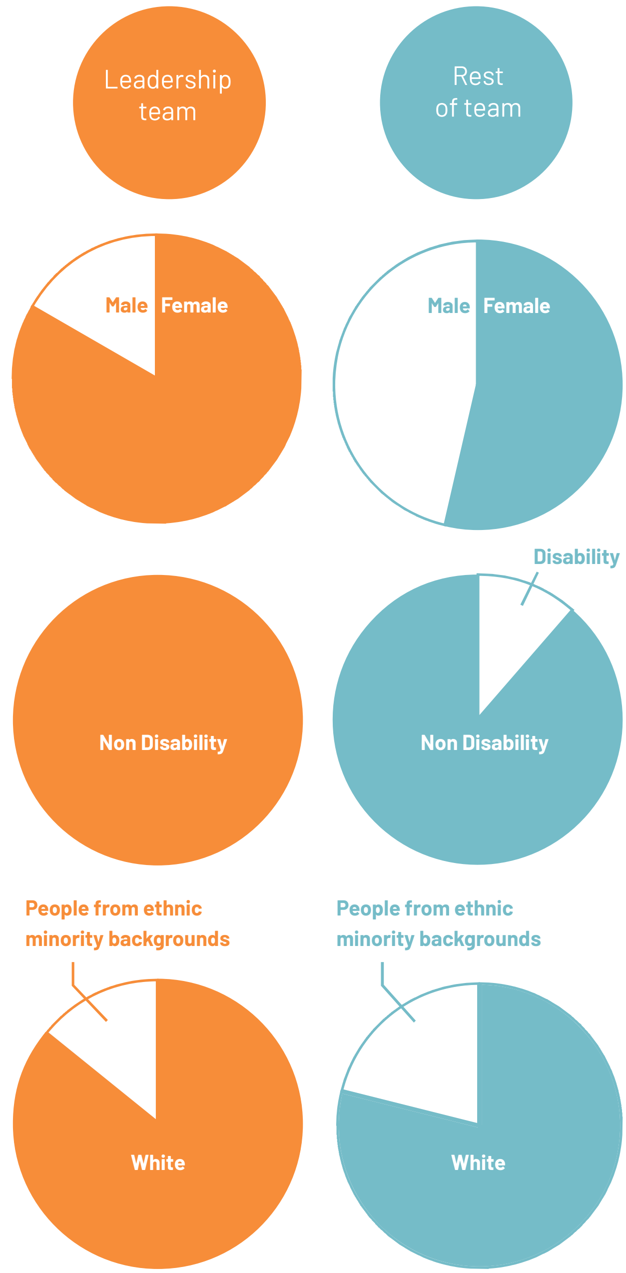
Our team

Gender	Female	Male
Leadership team	7	0*
Rest of team	15	14
Total	**22 (61%)**	**14 (39%)**

*One male leadership team member on sabbatical leave at December 2023

Disability	Yes	No
Leadership team	0	7
Rest of team	2	27

Ethnicity	White	Black	Asian	Other minority ethnic groups
Leadership Team	6	0	1	0
Rest of team	23	2	3	1



Our pay ratio and gender and diversity pay gaps

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

Pay ratio

6.5:1

Note: the lowest salary is paid to On Purpose associates who are placed with the company as part of their leadership development programme.

fair4all finance

Our average gender and ethnicity pay gaps

We have voluntarily reported on our gender and ethnicity pay gaps since we were formed in 2019. While our team was small in the early stages, we reported our pay gaps at both 'Manager and above' and 'Below manager' levels.

This year we are further aligning reporting with evolving best practice, choosing now to report pay gaps across four pay quartiles in Fair4All Finance: Lowest, Lower middle, Upper middle and Highest.

We continue to report a negative gender pay gap which is weighted towards more senior team members, recognising that our Leadership Team is predominantly female.

Our ethnicity pay gap has reduced overall since 2022, however we recognise and continue to take action to reduce the gap particularly at senior levels in the team.

Each year we perform an equal pay audit as part of our annual reward review, which highlights areas for improvement and enables us to ensure fair and equitable pay in line with legislation.

Our pay gap figures are calculated based on team pay data from December 2023 and include one person on maternity leave

Year		**Gender pay gap** (mean)	**Ethnicity pay gap** (mean)
2022	**Manager and above**	(24%)	21%
	Below manager	12%	10%
2023	**Manager and above**	(29%)	10%
	Below manager	9%	(6%)

2023	**Gender pay gap** (mean)	**Ethnicity pay gap** (mean)
Mean	**(21%)**	**17%**
Lowest Quartile	(1%)	(13%)
Lower Middle	8%	(5%)
Upper Middle	(9%)	0%
Highest Quartile	(23%)	16%

() means in favour of women and those with ethnic minority backgrounds

Governance report

Governance report

fair4all finance

Governance structure including the role of The Oversight Trust

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

Fair4All Finance is mainly funded from the England portion of funds for financial inclusion under the Dormant Assets Acts 2008 to 2022. This funding is distributed via The National Lottery Community Fund (TNLCF) 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 strategy, financial performance, investments and impact as well as Board and senior manager appointments. The Oversight Trust is not involved in making investment decisions or other operational issues.

In January 2024 the Quadrennial Review report conducted by an independent evaluation team on behalf of The Oversight Trust was published. We are pleased with the progress that has been made in the year on all the substantive points raised in the review.

Risk Management Framework

Our overall approach to risk management is in line with best practice with clear lines of defence established including the Board and the Audit and Risk Committee that, among other things, are responsible for ensuring a robust risk management framework is in place and operating effectively.

This seeks to ensure that we embed a positive risk culture, supported by robust processes to help us to make well considered decisions in delivering on our vision and mission.

Enterprise risk framework overview

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 assessment	**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

Our Ambition

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

Our Behaviour

We will apply the high standards of propriety that are set out in the Nolan principles, ensuring we consider value for money and ESG standards in all our work

Our Compliance

We will operate within legal and regulatory frameworks, applying them in the context of our mission

The Board

The Board of Directors of Fair4All Finance is responsible for the governance and oversight of the Company. The Board comprises ten non-executive directors and two executive directors and reflects the purpose of the Company through financial and social sector expertise. All Board members have signed up to The Seven Principles of Public Life.

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

Finance, Grants and Investment Committee

The Finance, Grants and Investment committee is responsible for providing oversight and considering all issues related to the financial, grant and investment performance, strategy, policies, and processes of the Company along with its compliance with all finance and investment related regulatory requirements. Investments are approved in line with the financial scheme of delegation, with thresholds set for both Committee approval and Committee recommendation for Board approval. On 1 January 2024 Lukas Mandangu was appointed as an independent member of the Committee.

Culture, Talent and Remuneration Committee

In June 2023 the Chair of the Culture, Talent and Remuneration Committee changed from Joanna Elson CBE to Ria Bailes. This committee leads the process for Board appointments, CEO succession and remuneration, making 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, remuneration and the people strategy of Fair4All Finance including diversity, equity and inclusion. During 2023 the remit of the Committee was expanded to include oversight of the culture, talent and governance aspects of our Growth Capability programme, reporting to the Board on our goal for financial services to be led by the next generation of innovative, compassionate, skilled and authentic leaders and specifically our newly launched leadership prorgramme.

Audit and Risk Committee

In July 2023 the Chair of the Audit and Risk Committee changed from Sir Leigh Lewis KCB to Mike Anderson. This committee 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 from 2018 to March 2021. He is currently Chair of a number of companies, charities and social enterprises, including the Welsh Rugby Union, the School for Social Entrepreneurs and New Forest Care, and is the Chair of the audit and risk committee of the National Lottery Community Fund and the Chair of the finance committee of the Women of the World Foundation and St George's House in Windsor Castle. A full list of Richard's roles can be seen on our website.

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 to 2010. He is also Vice Chair of the Holocaust Memorial Day Trust, honorary Vice President of St Mungo's 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 an independent member of the Audit, Risk and Assurance Committee and the Finance Committee of the A2Dominion Group.

Ria Bailes

Ria has worked in and around social housing for 14 years and has led numerous organisation wide change and growth programmes. Ria has a breadth of experience leading human resources, corporate communications, training, community engagement and social mobility teams.

Joanna Elson CBE

Joanna is Chief Executive of Independent Age having previously been the Chief Executive of the Money Advice Trust and 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 Impact and Influence at BBC Children in Need, the Chair of 360giving and a Board member of Alliance Magazine. Fozia was the founder of the DEI coalition of funders, focused on implementing more equitable practices in grant making and a visiting lecturer at Bayes Business School on the Master programme. Fozia is on the Board of Advisors of International Public Policy Observatory and is also a Churchill Fellow and a Leadership Fellow at St George's House, Windsor.

James Invine

James has been a sell-side equity analyst for the past 23 years. His focus is the banking sector and its various commercial, regulatory and macroeconomic drivers. He has worked at Societe Generale, UniCredit, Merrill Lynch and Dresdner Kleinwort. He is also a trustee at Limehouse Project and a non-executive director of Thrive Homes, a housing association.

Ingrid Kukuljan

Ingrid is Head of Impact and Sustainable Investing at Federated Hermes and is responsible for the management of portfolios within the strategy. She has 25 years' experience in finance across asset management, capital markets and venture capital.

Jennifer Rademaker

Jennifer is the Chief Future of Work Officer at Mastercard, leading transformation across people, real estate and technology. With over 30 years in financial services, she previously led Global Customer Delivery at Mastercard, and played a key role in financial inclusion globally. While Jennifer was the Chief Credit Officer at a microlender in South Africa, she authored a comic book series for children on good financial habits. She is committed to diversity and inclusion and has been recognised for advocating, ethnic minorities and the LGBT community. Jennifer is also the Chair of Fine Cell Work, a prison rehabilitation charity, and a non-executive director at ICM Mobility Group, Snapper and Ministry of Justice UK.

Faith Reynolds

Faith works in an advisory capacity across a number of consumer related initiatives. She is an advisor to the board at TISA where she chairs their Consumer Panel and is leading on research initiatives to improve communications and break down barriers to financial services. Faith has recently taken up the role of Chair of the Advisory Board for UKFin+, which funds research collaborations for wicked problems in financial services. She is a non-executive director for the Payment Systems Regulator and has been a leader in developing Open Banking and Smart Data in the UK.

Independent committee members

Tina Kokkinos

Tina joined Fair4All Finance's Audit and Risk Committee in January 2023 and is an experienced Board Member and Chief Operating Officer (COO)/Senior Business Manager. With a background in commerce and financial services, Tina has held roles at JPM, HSBC, Coca Cola and most recently as COO at a FX FinTech start-up. Tina has had a long-standing tenure at Comic Relief and is Vice Chair of their Audit and Risk Committee. She also holds non-executive director roles at British Rowing, Harpenden Building Society and Onward Homes, chairing various committees.

Lukas Mandangu

Lukas recently joined Fair4All Finance's Finance, Grants and Investment Committee and has over 25 years of audit, financial and strategic management experience gained in the financial services sector across developed and emerging markets. Lukas is currently a Finance Director at HSBC group and before that spent 5 years with Societe General in London, as well as having trained as a chartered accountant with PWC. Lukas is also a governor, board and audit committee member of the Working Men's College, an adult education institute based in Camden that provides diverse and enriching lifelong learning, including skills for work, in a supportive environment for adults.

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, Co Chair of the Inclusive Economy Partnership and Founding Chair of Access Accountancy. She has extensive experience of working with businesses, government and civil society to address key systemic issues. Sacha is also a member of the Levelling Up Advisory Council, a non-executive Director at Leapfrog Investments and has recently been appointed as Chair of the Commission on Healthier Working Lives set up by the Health Foundation.

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 works with a number of companies as a governance consultant. Linda is also a Parish Councillor and a Trustee for St Michaels Hospice, Hastings and Rother.

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 the Board has appointed one of its members, Fozia Irfan as the Diversity, Equity and Inclusion Sponsor.

Board attendance record for 2023

Meeting	Main Board	Finance, Grants and Investment Committee	Audit and Risk Committee	Culture, Talent and Remuneration Committee
Number of meetings held	11	11	4	5
Non-executive directors				
Richard Collier-Keywood	10	11	-	-
Sir Leigh Lewis	10	-	3	-
Mike Anderson	11	10	4	1 of 1*
Ria Bailes	10	-	-	5
Joanna Elson	8	-	-	5
Ingrid Kukuljan	8	7	-	-
Fozia Irfan	5	-	-	3
James Invine	8	11	4	-
Jennifer Rademaker	10	11	-	-
Faith Reynolds	9	-	2	5
Executive directors				
Sacha Romanovitch	10	9	4	5
Linda Stevens	11	11	4	5
Independent Committee Member				
Tina Kokkinos	1 of 1*	-	3	-

* Mike joined one Culture, Talent and Remuneration Committee during the year and Tina joined a Board strategy meeting.

Report from Finance, Grants and Investment Committee

In 2023 the Finance, Grants and Investment Committee has overseen the budget and financial plan, overseen the application and ongoing development of the principles of investment, reviewed investment proposals for recommendation to the Board, monitored existing investments and undertaken reviews of market sectors and technologies for potential future investments.

Report from Culture, Talent and Remuneration Committee

During 2023 the Culture, Talent and Remuneration Committee has overseen the culture and people strategy, including diversity, equity and inclusion, and the resourcing strategy for ensuring that the Company has access to the right skills and experience to meet its goals. This included undertaking a Board skills and DEI audit to support the ongoing focus on Board succession and development. The Committee has also continued to oversee the remuneration policy and benefits package which supports Fair4All Finance being a financially inclusive employer.

Report from Audit and Risk Committee

During 2023 the Audit and Risk Committee has continued to have ongoing oversight of the comprehensive enterprise risk framework and risk register covering reputation, strategic, operational, financial and compliance risks of the Company. The Committee received the annual report from the external auditors and reviewed the Company's annual report and accounts for recommendation to the Board, including the review and adoption of key accounting policies. Another area of focus for the Committee has been reviewing the effectiveness of key areas of internal process and controls.

Richard Collier-Keywood OBE
Chair
24 May 2024

Directors' report

Directors' report

for the year ended 31 December 2023

The directors present their report and the audited financial statements for the year ended 31 December 2023.

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 surplus or deficit 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
Mike Anderson
Ria Bailes
Joanna Elson CBE
James Invine
Fozia Irfan OBE
Ingrid Kukuljan
Jennifer Rademaker
Faith Reynolds
Sacha Romanovitch OBE, CEO
Linda Stevens, Company Secretary and Executive Director

Disclosure of information to auditors

Each of the 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, and
- 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

Auditors

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

This report was approved by the Board on 24 May 2024 and signed on its behalf.

Sacha Romanovitch OBE
CEO
24 May 2024

Richard Collier-Keywood OBE
Chair
24 May 2024

Auditor's report

Independent 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 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the result for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice

  and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 and Accounts, other than the financial statements and our Auditors' 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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

  and

- the Directors' Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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
- 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 50, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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

Use of our report

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

25 June 2024

Edward Finch
(Senior Statutory Auditor) for and on behalf of Buzzacott LLP
Statutory Auditor

130 Wood Street London
EC2V 6DL
TBC 2024

Statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 £	2022 £
Grant Income	4	13,660,512	11,411,698
Monies to fund investment activity		(8,119,375)	(6,800,000)
Release from Capital Fund Reserve		172,000	400,000
Gross surplus		**5,713,137**	**5,011,698**
Grants awarded	20	(563,110)	(488,182)
Programme delivery		(5,500,911)	(3,602,621)
Other operating costs		(1,176,752)	(1,096,120)
Operating profit/(loss)		**(1,527,636)**	**(175,225)**
Impairment of fixed asset investment	8	(172,000)	(400,000)
Income from unlisted investments		919,558	456,289
Bank interest receivable and similar income		1,045,488	118,936
(Deficit)/surplus before tax		**265,410**	-
Taxation	6	(265,410)	-
Result after tax for the financial year		-	-
Other comprehensive income for the year			
Monies transferred to Capital Fund Reserve	14	8,119,375	6,800,000
Monies released from Capital Fund Reserve	14	(172,000)	(400,000)
Total comprehensive income for the year		**7,947,375**	**6,400,000**

The notes on pages 61 to 79 form part of these financial statements.

Statement of financial position

as at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	7	49,220	51,773
Fixed asset investments	8	26,297,375	18,900,000
		26,346,595	**18,951,773**
Current assets			
Debtors: amounts falling due within one year	9	1,121,847	356,769
Cash and term deposits	10	101,519,813	19,894,145
		102,641,660	**20,250,914**
Creditors: amounts falling due within one year	11	**(96,040,880)**	**(16,042,514)**
Net current assets		**6,600,780**	**4,208,400**
Total assets less current liabilities		**32,947,375**	**23,160,173**
Creditors: amounts falling due after more than one year	13	(2,000,000)	(160,173)
Net assets		**30,947,375**	**23,000,000**
Capital and reserves			
Capital fund reserve	14	**30,947,375**	**23,000,000**

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 24 May 2024.

Sacha Romanovitch

Sacha Romanovitch OBE
CEO

Richard Collier-Keywood

Richard Collier-Keywood OBE
Chair

The notes on pages 61 to 79 form part of these financial statements.

Statement of cash flows

for the year ended 31 December 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Operating (loss) for the financial year		(1,527,636)	(175,225)
Adjustments for:			
Depreciation of tangible assets		25,258	22,087
Impairment of fixed asset investments		(172,000)	(400,000)
Taxation charge		(265,410)	-
(Increase) in debtors		(765,078)	(110,480)
Increase/(decrease) in creditors		79,838,193	(9,578,235)
Transfer from deferred income to capital reserve for investment commitments		8,119,375	6,800,000
Net cash generated from operating activities		**85,252,702**	**(3,441,853)**
Cash flows arising from investing activities			
Net purchase of tangible fixed assets	7	(22,705)	(5,518)
Purchase of unlisted and other investments	8	(7,569,375)	(6,850,000)
Purchase of short term deposits	10	(32,000,000)	-
Long term loans	13	2,000.000	-
Interest received		1,045,488	118,936
Income from investments		919,558	456,288
Net cash outflow from investing activities		**(35,627,034)**	**(6,280,294)**
Net increase/(decrease) in cash and cash equivalents		**49,625,668**	**(9,722,147)**
Cash and cash equivalents at beginning of year	10	19,894,145	29,616,292
Cash and cash equivalents at the end of year	10	**69,519,813**	**19,894,145**

The notes on pages 61 to 79 form part of these financial statements.

Notes to the financial statements

Notes to the financial statements

for the year ended 31 December 2023

1 General information

Fair4All Finance Limited is a not for profit company, limited by guarantee registered in England and Wales, registration number 11810533. The 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 financially vulnerable circumstances in society by increasing access to fair, affordable and appropriate financial products and services. We are a public benefit entity as our primary objective is to deliver social benefit and any funding is provided to us with a view to supporting this primary objective rather than with a view to providing a financial return to stakeholders.

In pursuit of our mission, we do four things - invest to scale social impact, research to evidence what works, create partnerships to deliver new products and services and convene others to develop longer term policy recommendations.

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 model unless otherwise specified within these accounting policies and 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 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. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Operating leases

Rentals paid under operating leases are charged to profit or loss, after taking into account the effect of lease incentives, 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 Interest income

The Company recognises interest income on an accruals basis in line with the coupon rate agreed for each debt instrument or deposit.

2.5 Income – funding allocations from Dormant Assets

The Company's principal source of funding comprises monies released from the Dormant Asset Scheme under the Dormant Assets Acts 2008 to 2022. The body that manages these funds is the Reclaim Fund Limited. Funds are transferred from the Reclaim Fund Limited to The National Lottery Community Fund (TNLCF) for onward distribution to Fair4All Finance, under direction of the Secretary of State at the Department for Culture, Media and Sport (DCMS), in line with grant agreements dated 11 December 2019, 19 September 2022 and 23 September 2023.

Amounts are drawn down periodically based on requests to TNLCF to support requirements. As the funding is provided to support activity it is initially recognised as deferred income in the Statement of Financial Position 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 financially vulnerable circumstances by increasing access to fair, affordable and appropriate financial products and services.

Monies that are legally committed for investments are shown on the face of the Statement of Comprehensive Income and then transferred to a separate Capital Fund Reserve to recognise the capital nature of the transaction.

2.6 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Taxation

Tax is recognised in the Statement of Comprehensive Income.

The tax assessed for the period is calculated on the basis that the Company is operating without a view to make a profit and so is only subject to corporation tax on its investment income and non-trading relationships, less any assigned management expenses.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

Tangible fixed assets 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:

- Leasehold improvements — the shorter of economic useful life and the remaining 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.

2.9 Fixed asset investments including financial instruments

The primary aim of our investments is to prove sustainable market models and create a social impact in line with our mission. Due to the novel nature of our organisation's purpose and the purpose of our investments, we draw guidance from both financial reporting standards and the charity SORP. When considering the value of our investments we take into account how well each investment is achieving its social impact goals together with the financial health of each investee.

Our fixed asset investments are financial instruments that are not publicly traded. The contractual terms of our investments include linking the return to the social impact achieved, which per 11.9A of FRS 102 introduces exposure to risks or volatility unrelated to the instrument itself. This therefore means that our investments are not deemed to be 'basic' financial instruments and are accounted for under section 12 of FRS 102.

The Company also enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Valuation of investments

Our investments are made with a view to generating social impact by addressing the needs of people in financially vulnerable circumstances and supporting the creation of a sustainable market.

The Company only holds unlisted investments 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.

Investments in joint ventures are accounted for at cost in accordance with section 15 of FRS 102.

2.10 Debtors

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

2.11 Cash, cash equivalents and term deposits

Cash and cash equivalents are represented by cash at bank and term deposits with financial institutions with a maturity of up to three months. Term deposits are held for periods of up to nine months.

2.12 Creditors

Creditors and provisions are recognised when there is an obligation at the reporting 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 monies distributed and held for the purpose of our mission.

Creditors falling due after more than one year relate to future lease payments and loans from the devolved administrations of Scotland and Wales to fund the NILS pilot lending programme.

2.13 Commitments

The company accounts for commitments that arise from legal or constructive obligations as follows:

Investment agreements that have been (i) signed but not drawn down or (ii) not signed but the Board approved investment decision has been communicated to the investee organisation, and there are no unfulfilled performance conditions that would prevent a draw down upon signing the agreement, are both recognised in the Statement of Financial Position by transferring the undrawn amount from Deferred Income to the Capital Reserve Fund and disclosed in Note 16.

Investment agreements that have been approved in principle by the Board but where legal agreements and deal terms are in the process of being prepared and there are unfulfilled performance conditions are not recognised in the Statement of Financial Position, but are disclosed in aggregate in Note 16.

Grant funding agreements that have not been drawn down are not recognised in the Statement of Comprehensive Income but are disclosed in aggregate in Note 20.

Other obligations to make future payments eg under operating leases, are recognised in the Statement of Comprehensive Income in the financial year in which the payment fall due and are disclosed in Notes 17 and 19.

2.14 Guarantees

The company has entered into a number of arrangements to underwrite or reimburse the losses of third parties.The existence of such arrangements is disclosed in Note 17. Depending on the terms of the arrangement the Company may be able to recover all or part of the cost of the guarantee from other third parties. Amounts paid to or received from third parties under these arrangements are recognised in the Statement of Comprehensive Income. Where it is probable that a claim will be made under a guarantee and the amount can be reliably estimated a provision will be recognised in the Statement of Financial Position. Possible claims or amounts that cannot be reliably estimated will be disclosed in the notes to the financial statements.

2.15 Capital fund reserve

Monies that are committed for investments, or paid out as investments, are shown on the face of the Statement of Comprehensive Income and then transferred to a separate Capital Fund Reserve to recognise the capital nature of the transaction.

This includes monies relating to investments where there is a binding legal commitment albeit subject to further conditions and where monies have not yet been drawn by the recipient organisation.

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
- Estimating the provision for potential claims against guarantees in advance of the claim being received

4 Grant income

	2023 £	2022 £
Grant recognised from the National Lottery Community Fund distribution	12,594,102	10,716,332
Other grant income	1,066,410	695,366
	13,660,512	**11,411,698**

Grant recognised from The National Lottery Community Fund distribution relates to monies released from deferred income in line with our accounting policy as detailed in Note 2.5.

During the year we received grant income from HM Treasury in respect of our NILS pilot programme. In addition, we deployed funds from JPMorgan Chase which has allowed the NILS pilot to expand to a sixth area of higher deprivation, increasing the number of people in vulnerable circumstances the pilot can support by a further 3,000 people and to test the provision of financial coaching for recipients.

We also received further monies from JPMorgan Chase to expand the reach of our income maximisation work and develop a grant finder tool.

5 Employees and directors

	2023 £	2022 £
Salaries	2,156,541	1,819,445
Social security costs	245,933	213,369
Pension costs	249,956	171,123
	2,652,430	**2,203,937**

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

	2023 No	2022 No
Executive and non-executive directors	12	12
Programme/ Operations	36	20
	48	**32**

Key management personnel

The Company defines key management personnel as the non-executive directors, CEO, Company Secretary and members of the leadership team. Co-opted committee members are not included in the definition of key management personnel.

The remuneration for the Chair of the Company is set at £15,000 per annum (with effect from 1 July 2023) and for the non-executive directors of the Company is set at £7,000 per annum (with effect from 1 July 2023). In October 2023 the Board decided to pay an additional £2,000 to the Chair of the Finance, Grants and Investment Committee and an additional £1,500 to the Chairs of other committees. The Chair and two of the non-executives have waived their remuneration and two committee chairs have waived the additional remuneration. Non-executive directors are not entitled to any pension benefits.

Total remuneration paid to the key management personnel in the period including pension contributions was £831,197 (2022: £633,108).

In the year to 31 December 2023, 8 (2022:6) individuals received more than £60,000 in remuneration. Pension contributions for employees receiving more than £60,000 in remuneration was £87,147 (2022: £46,861).

The salary bands for employees paid over £60,000 are as follows:

Highest paid employee £166,482 (2022 £161,100)

	2023	2022
£160,001 - £170,000	1	1
£150,001 - £160,000	0	0
£110,001 - £120,000	1	0
£100,001 - £110,000	0	1
£90,001 - £100,000	0	0
£80,001 - £90,000	2	2
£70,001 - £80,000	3	1
£60,000 - £70,000	1	1

On a full time equivalent basis our key ratios are as follows: highest salary of £166,482 (2022: £161,100) to our median salary £58,208 (2022: £49,258) is 2.86x (2022: 3.27x). This calculation excludes the non-executive directors.

The lowest salary represents 0.44x the median salary (2022: 0.49x). This calculation excludes non-executive directors. The lowest salary is paid to On Purpose associates who are placed with the Company as part of their leadership development programme.

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

- individual role pay range benchmarked to individual factors (knowledge, skills and values, experience) and external organisational factors
- how and when pay adjustments are made
- policies 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

The changes we're trying to make go across mainstream financial services, community finance and the social sector. To deliver on our strategy with a small team we need to recruit high calibre people with relevant experience across these sectors.

We set our salary bands to be in the bottom quartile of mainstream financial services and in line with larger charities in the social sector.

We review salaries and benefits annually. Our Culture, Talent and Remuneration Committee review the reward for the CEO and employees earning over £60,000. They also review our overall pay policies and report on these to the Board.

Our approach to benefits

We believe in paying people fairly for the roles that they do and creating a workplace where people can thrive. We also model the approach of a good financially inclusive employer, enhancing people's financial wellbeing and resilience to life shocks by providing income protection and critical illness cover, supporting moments that matter such as family and caring responsibilities, and building financial capability. We do not operate a bonus scheme.

Our pension contribution model entitles all employees to have their contributions matched 2:1, up to a maximum 12% employer contribution. This enables employees to save for their future at appropriate rates. Additionally, we have a health cash plan which entitles employees to claim money back for routine medical, dental and wellbeing expenses.

6 Taxation

	2023 £	2022 £
Corporation tax		
Current tax for the year	265,410	-
Deferred tax		
Origination and reversal of timing difference	-	-
Effect of changes in tax rates	-	-
Total deferred tax	-	-
Taxation on profit on ordinary activities	**265,410**	**-**

Factors affecting tax charge for the year

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2023 £	2022 £
Profit on ordinary activities before tax	265,410	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	62,426	-
Effects of:		
Expenses not deductible for tax purposes	1,527,824	860,217
Income not taxable for tax purposes	(1,303,306)	(876,085)
Adjustments to tax charge in respect of prior period	-	-
Movement in deferred tax not recognised	1,355	-
Remeasurement of deferred tax not recognised	(22,889)	15,868
Total tax charge for the year	**265,410**	**-**

Factors that may affect future tax charges

The tax assessed for the period is calculated on the same basis as in 2022 ie on the basis that the company is operating with a view to making no profit and so is only subject to corporation tax on its investment income and non-trading relationships, less any assigned management expenses.

7 Tangible fixed assets

	Leasehold improvements	Office equipment	Computer equipment	Total
Cost or valuation	**£**	**£**	**£**	**£**
At 1 January 2023	32,083	20,489	51,707	104,279
Additions	-	1,887	20,818	22,705
Disposals	-	-	-	-
At 31 December 2023	32,083	22,376	72,525	126,984
Depreciation				
At 1 January 2023	18,147	13,310	21,049	52,506
Charge for the year	6,417	4,536	14,305	25,258
At 31 December 2023	24,564	17,846	35,354	77,764
Net book value				
At 31 December 2023	7,519	4,530	37,171	49,220
At 31 December 2022	13,936	7,179	30,658	51,773

8 Fixed asset investments

	Scale up investments	NILS loan investments	Total
Cost	£	£	£
At 1 January 2023	19,700,000	-	19,700,000
Additions	4,289,375	3,280,000	7,569,375
At 31 December 2023	23,989,375	3,280,000	27,269,375
Impairment			
At 1 January 2023	(800,000)	-	(800,000)
Charge for the year	(172,000)	-	(172,000)
At 31 December 2023	(972,000)	-	(972,000)
Net book value			
At 31 December 2023	23,017,375	3,280,000	26,297,375
At 31 December 2022	18,900,000	-	18,900,000

Impairment

Our investments are made with a view to generating social impact and supporting the creation of a sustainable market. They are made for the long term and include an impact adjusted return to reflect the inherent value of the social impact they generate. In assessing whether there has been an impairment we consider:

- Social impact KPIs to identify the extent to which our investees are addressing the needs of people in financially vulnerable circumstances
- Financial KPIs to track, measure, and analyse the financial health of our investees
- If applicable, we reference financial impairment indicators provisions under FRS 102 11.22

In this context we have made a further impairment adjustment of £172,000 against the value of our investments. We do not consider any other impairment adjustments are required.

fair4all finance

9 Debtors: amounts falling due within one year

	2023 £	2022 £
Other debtors	53,545	53,496
Prepayments and accrued income	1,068,302	303,273
Total debtors	**1,121,847**	**356,769**

10 Cash and term deposits

	2023 £	2022 £
Cash at bank	3,719,813	19,894,145
Terms deposits for less than 3 months	65,800,000	-
Cash and cash equivalents	**69,519,813**	**19,894,145**
Terms deposits maturing in 3–6 months	12,000,000	-
Term deposits maturing in 7-9 months	20,000,000	-
Total cash and term deposits	**101,519,813**	**19,894,145**

11 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	12,300	119,598
Corporation tax	265,410	-
Other taxation and social security	77,097	127,730
Other creditors	31,152	34,344
Accruals and deferred income	95,654,921	15,760,842
Total creditors	**96,040,880**	**16,042,514**

Included within accruals and deferred income is £94,276,394 (2022: £15,212,827) of deferred income.

Deferred income is predominately restricted monies distributed from the Reclaim Fund Limited via the National Lottery Community Fund under allocations directed by the Secretary of State for DCMS, held for the purpose of delivering the mission.

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 Company's strategic goals.

12 Movement in deferred income

	£
Brought forward on 1 January 2023	15,212,827
Deferred in year	92,724,079
Released in year	(13,660,512)
Carried forward 31 December 2023	**94,276,394**

13 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Commitments under operating leases	-	160,173
Long term loans	2,000,000	-
Total	**2,000,000**	**160,173**

The amounts disclosed in the 2023 column are loans from the Scotland and Wales devolved administrations to support the NILS pilot lending programme. The amounts disclosed in the 2022 column are future lease payments on the Company's office.

14 Capital fund reserve

	2023 £	2022 £
At 1 January	23,000,000	16,600,000
Monies transferred to Capital Fund Reserve	8,119,375	6,800,000
Monies released from Capital Fund Reserve	(172,000)	(400,000)
Capital Fund Reserve at 31 December	**30,947,375**	**23,000,000**

The closing balances are represented by:

	2023 £	2022 £
Commitments contracted for but not invested in this financial period	4,650,000	4,100,000
Funds deployed in investments	27,269,375	19,700,000
Cumulative releases relating to impairments	(972,000)	(800,000)
Capital Fund Reserve	**30,947,375**	**23,000,000**

The Capital Fund Reserve has been created in order to separate investment activity (both invested and committed) from programme and operating activities and to reflect the capital nature of the activity. 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.

15 Share capital

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

16 Investment commitments

At 31 December the Company had investment commitments as follows:

	2023 £	2022 £
Commitments contracted for but not invested in this financial period	**4,650,000**	**4,100,000**

In addition to the legal and constructive obligations recognised in the financial statements and disclosed in the first part of this note, the Board has approved the allocation of further funds to specific organisations which are currently being progressed through the relevant legal processes. These additional obligations, which have not yet reached full contractual commitment status, total £34,875,000, and includes the £30m Cost of Living scheme.

17 Other commitments

No Interest Loan Scheme pilot

The No Interest Loan Scheme (NILS) pilot enables lenders to offer small loans to people in need of emergency funds who cannot afford loans with interest or get a positive lending decision from lenders.

The programme involves lender setup and administration costs, lending capital from Fair4All Finance and the Devolved Administrations (Scotland and Wales), Fair4All Finance administration costs and third party supplier support costs.

Lender losses, arising from bad debts are capped and offered at 80% without performance indicators by a guarantee from Fair4All Finance which in turn is covered by HM Treasury.

Non-capital amounts including loan administration costs paid to participating organisations, and amounts covered under the guarantee mechanism, have been recognised in the Statement of Comprehensive Income.

Capital transactions, where Fair4All Finance provides lending capital, are recognised in the Statement of Financial Position as Fixed Asset Investments (Note 8) with a corresponding entry in the Capital Fund Reserve (Note 14).

Consolidation Loan Partial Bad Debt Guarantee Fund

The Consolidation Loan Scheme pilot allows borrowers to reduce outgoings by consolidating a number of existing loans into a new single loan with a longer repayment term. The Consolidation Loan Partial Bad Debt Guarantee Fund operates on a shared risk and reward model with lenders taking the first bad debt losses up to their normal level and Fair4All Finance taking bad debt losses above that level, up to a fixed level. Lending is delivered in distinct waves so that the total exposure to bad debt losses can be managed and learnings adopted into iterations of the lending approach.

Claims made against the guarantee and probable claims that can be estimated with reasonable accuracy will be recognised in the Statement of Comprehensive Income. Possible claims or claims that cannot be estimated with reasonable accuracy will be disclosed as contingent liabilities.

Fair4All Finance will benefit from a share of future returns if lending is profitable. However, the likelihood of future returns is too remote at present to be recognised in the Statement of Comprehensive Income.

As part of the Cost of Living response, we have committed £30m to expand No Interest Loan Scheme and consolidation loan scheme pilots. We had reached heads of terms in respect of this funding at 31 December 2023.

Ceniarth Loan Guarantee

In October 2023 the Company entered into an arrangement with the Isenberg Family Charitable Foundation (known as Ceniarth) to guarantee up to £1.8m of Ceniarth's loan to Salad Finance Limited. Claims made against the guarantee and probable claims that can be estimated with reasonable accuracy will be recognised in the Statement of Comprehensive Income. Possible claims or claims that cannot be estimated with reasonable accuracy will be disclosed as contingent liabilities.

18 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £249,956 (2022: £171,123).

Contributions totaling £31,136 (2022: £34,344) were payable to the fund at the reporting date and are included in creditors.

19 Commitments under operating leases

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

	2023 £	2022 £
Not later than 1 year	160,173	163,762
Later than 1 year and not later than 5 years	-	160,173
	160,173	**323,935**

20 Grants awarded

During the year ended 31 December 2023 grants totaling £563,110 grants were made (2022: £488,182) in relation to our Scaling Affordable Credit and Market Transformation programmes.

Grants paid in 2023	£
Five Lamps	30,000
Great Western Credit Union	100,000
Hull and East Yorkshire	11,135
Leeds City Credit Union	30,000
London Community Credit Union	50,000
Merseyside Credit Unions	15,075
Moneyline	75,000
Total Scale up grants	**311,210**
Fair Finance	42,000
Moneyline	15,000
NEST	80,000
Boom Credit Union	34,900
Lewisham Plus Credit Union	30,000
Salford Credit Union, on behalf of Soundpound consortium	50,000
Total Market Transformation grants	**251,900**
Total	**563,110**

Grants awarded but not yet drawn are not recognised in the Statement of Comprehensive Income and total £837,000.

21 Related party transactions

The Chair, Richard Collier-Keywood is a non executive director of The National Lottery Community Fund (TNLCF). While as set out in note 2, the majority of the Company's income is delivered through a funding agreement with TNLCF, Richard is not involved in any decisions regarding our funding drawdown from TNLCF.

22 Events after the reporting period

There were no events between the reporting date and the date on which these financial statements were signed.

23 Controlling party

Fair4All Finance Limited's parent company and ultimate controlling party is The Oversight Trust - Assets for the Common Good, company no. 07611016.