

## **Innovate Finance Limited**

Report and Financial Statements

Year Ended 31 December 2019

Company Number 09007658

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# Innovate Finance Limited

## Report and financial statements for the year ended 31 December 2019

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### Company Information

#### Directors

N Ceeney	(Chair)
K English	(Non Executive Director)
D Lopez	(Non Executive Director)
I Anderson	(Non Executive Director)
S Hunter	(Senior Independent Director)

C Crosswell	(Chief Executive Officer)
J Hirt	(Chief Operating Officer)

#### Registered office

7<sup>th</sup> Floor  
2 Finsbury Avenue  
London  
EC2M 2PP

#### Auditors

BDO LLP  
55 Baker Street  
London  
W1U 7EU

#### Company number

09007658

# **Innovate Finance Limited**

## **Chairman's statement for the year ended 31 December 2019**

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### **Chairman's statement**

Writing this in the midst of the Covid-19 lockdown, it is extremely welcome to reflect on the year just gone. 2019 was another very strong year for both the UK financial innovation community and for Innovate Finance as an organisation, and our success during 2019 has put us in good shape to weather the challenge presented by Covid-19. It is clear that Covid-19 will raise major challenges for the community which we represent, and Innovate Finance is already proving extremely active in supporting and representing the FinTech community.

Pre-Covid, in 2019, the sector continued to mature, with many UK FinTechs securing successful fundraising rounds and achieving their global scaling ambitions. A record-breaking \$4.9 billion of investment flowed into the sector, positioning the UK comfortably as the dominant FinTech hub in Europe and second in the world only to the US. The high street banks also moved forward on their digital transformation agendas and embarked on more partnerships with agile startups. Innovate Finance was delighted to see the continued success of its members on both the domestic and international scale, and the increasingly rapid momentum of innovation across financial services.

As the industry body for UK FinTech, Innovate Finance also enjoyed positive growth in 2019, increasing our overall membership base by 32% from 2018. Thanks to higher membership and sponsorship revenue, in 2019 we made a pre-tax profit of £437,000. This profit has boosted our reserves, but was also created to support UK FinTech Week, and Innovate Finance programmes and initiatives to help support our growing membership. In addition, we are proud that our average member retention rate across all membership tiers remained above 75%, which we hope reflects our firm commitment to support our members. This policy of building up our reserves for tougher times has proved a wise decision given the disruption that Covid-19 has already brought to 2020, including the loss of income from IFGS as a result of Covid-19.

In 2019, Innovate Finance continued to focus on the 8 areas that our members told us are their biggest priorities: Purpose and Value to Society; Enabling FinTech Partnerships; Talent & Skills; Diversity; Capital & Investment; National FinTech, International FinTech; and Regulation, Policy and the Future of Finance. We also broadened and enhanced our membership offering and launched a number of new programmes including our Investor / Startup Speeddating Series, organised to connect startups to smart capital, and our 'Spotlight On...' series, aimed at shining a light on specific FinTech verticals and allowing our members the opportunity to exhibit and demo their product. On the capital front, 2019 saw the launch of a new membership category for investors and VCs keen on accessing our startup and scaleup community. Our FinTech for Schools and Women in FinTech programmes also gained further traction throughout the year.

As the voice of UK FinTech, Innovate Finance has continued to actively lobby on behalf of the innovation ecosystem. Throughout 2019 we facilitated numerous opportunities for our members to connect directly with government, regulators and policy-makers. These included the following roundtables: on Global Financial Partnerships with HM Treasury; on Innovation in Central Banking with the Bank of England; on the Global Financial Innovation Network with the Financial Conduct Authority; on Distributed Ledger Technology with the Bank of England; on Immigration Post-Brexit with the Home Office; on the Post-Brexit Investment Framework with the British Business Bank; and on National FinTech with HM Treasury and the Department of International Trade. We were also delighted to see a two year post-study work visa for international students announced in September, a policy win we had been advocating for to support our members in their efforts to access and retain key talent. Our strong relationships with government and regulators have proved essential to enable us to continue to represent the sector through the Covid-19 crisis.

# **Innovate Finance Limited**

## **Chairman's statement for the year ended 31 December 2019**

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The FinTech Strategy Group (an initiative launched in 2018 by Innovate Finance and the City of London) continued to play an active role in shaping the future of UK FinTech throughout 2019, calling for greater research into the international attractiveness of the sector. The results of this exploration will be released jointly by Innovate Finance, the City of London, and our partner EY in 2020 – with timing now in flux because of the changing economic circumstances. We were very pleased to see the Chancellor announce that Ron Kalifa would be leading a review of the FinTech Sector in 2020 – an initiative we strongly support. Although Covid-19 has pushed the timing of this review back, we are already working closely with Ron on the preparatory work.

In addition, 2019 saw the most successful IFGS (Innovate Finance Global Summit) ever, with more than 2,200 attendees. We were delighted to welcome both the Chancellor of the Exchequer and the Governor of the Bank of England as keynote speakers to IFGS 2019. Our Twitter hashtag #IFGS2019 had an astonishing 75 million impressions, a testament to the growing international reach of our flagship event. We were very disappointed to have had to cancel the 2020 IFGS because of Covid-19.

2019 also saw the launch of the very first UK FinTech Week. Innovate Finance worked closely with our community partners and members to successfully organise and execute this five day celebration of the strength and international attractiveness of the financial innovation ecosystem across the UK. In 2020, because of the Covid-19 crisis, we moved the platform for UK FinTech week to be entirely online. We are still analysing the data, but early indications are that we had 12,000 attendees for the events we ran, which is astonishing given that we ran the entire programme with just three weeks to prepare.

Innovate Finance is committed to promoting the UK-wide FinTech ecosystem on a global scale, and our work in 2019 furthered our national and international priorities. In April we established the FinTech National Network, a partnership to cooperate and collaborate on mutually beneficial policy initiatives and promotional work with the various national and regional FinTech organisations around the UK. Initially founded with FinTech North and FinTech Scotland, we were later joined by FinTech Wales, FinTech Northern Ireland and FinTech West. In October, the inaugural FinTech National Network Symposium took place in Glasgow, and in December, we held our first National Pitch Day.

Internationally, in 2019 Innovate Finance continued to work alongside government and particularly Department for International Trade (DIT) on supporting strategic initiatives and economic dialogues with Hong Kong, China, and India, as well as looking to support future trade deals in the US, Switzerland, Japan, Australia and New Zealand. We also launched a new membership category for global FinTech hubs keen to learn from and connect with the UK innovation community. As we look towards the post Covid-19 recovery, FinTech will continue to be critically important to the attractiveness of the UK for investors.

Innovate Finance regularly works with our partners to produce thought-leadership in order to educate and inform government, media and the wider financial services industry on key trends in the sector. In 2019 we worked with Ernst & Young (EY) and HM Treasury (HMT) to continue our annual FinTech Census, we released a State of the Nation FinTech Report with DIT and HMT, and we published our annual FinTech Investment Landscape.

Innovate Finance has a strong and diverse workforce, and at the end of 2019 had 21 full time employees, of which 13 are women, and representing 6 nationalities. In response to the Covid-19 crisis, we took the decision to furlough two members of staff, and the remaining staff have all been working at home since the end of March, refocusing on the core priority areas of our work during the Covid crisis. I am extremely proud of how all of our team have put their energy and enthusiasm into developing and delivering new digital programmes for our members, as well as working tirelessly to ensure that the FinTech voice has been heard by government.

## **Innovate Finance Limited**

### **Chairman's statement for the year ended 31 December 2019**

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2019 saw both UK FinTech and Innovate Finance moving forward on a positive trajectory. FinTech offers consumers more financial choice, can support financial inclusion, and can increase financial wellness. We strongly believe that the FinTech sector can play a critical role in supporting the UK through the Covid-19 crisis, and have been working with the FinTech community, government and regulators to keep the dialogue active as various financing solutions are designed. Just as importantly, we need FinTech to play a key role post the crisis, to continue to enable strong innovation and customer choice within financial services. I am very proud of the role we play in helping to support this critical sector of our economy.

DocuSigned by:  
  
FC93CE905FB14FE... 22 June 2020

Natalie Ceeney CBE  
Chair, Innovate Finance

# Innovate Finance Limited

## Report of the directors for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

### Principal activity

Innovate Finance Limited ("the Company") operates as an independent membership organisation, which represents the UK's global FinTech community. The Company is limited by guarantee without a share capital and cannot pay dividends.

The Company is a not-for-profit organisation, whose mission is to accelerate the country's leading position in the financial services sector by directly supporting the next generation of technology-led financial services innovators.

### Results

The Statement of Comprehensive Income is set out on page 9 and shows a surplus for the year.

### Directors

The directors of the Company in post at the end of the financial year were as follows:

Chairman	N Ceeney
Chief Executive	C Crosswell
Chief Operating Officer	J Hirt
Non-executives	D Lopez I Anderson K English (Resigned 31 January 2020) S Hunter

For a full list of directors during the year, please see the company information page.

### Going concern

In preparing the financial statements the directors are required to make an assessment of the company's ability to continue to trade as a going concern.

In the first quarter of 2020 the Covid-19 pandemic resulted in governments across the world introducing stringent measures to prevent the spread of the coronavirus disease. These measures included population 'lock-down' and led to a significant reduction in economic activity around the world.

The company's main revenue stream is derived from the provision of services to its members, and costs incurred are related to the provision of these services. The company continues to provide its services and support its members through digital technologies. Members engagement remains high as the company provides invaluable information and support to the Fintech community during these uncertain times.

Based on this analysis, and the company's current cash surplus of c.£1million, the directors believe that the company will have the ability to pay their debts as they fall due, for a minimum of 12 months from the date of approval of these financial statements. As a consequence, the directors believe it appropriate to prepare the financial statements on the going concern basis.

## Innovate Finance Limited

### Report of the directors for the year ended 31 December 2019 (continued)

#### Directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

#### Auditors


All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

In preparing this directors' report the small companies' exemption has been used.

On behalf of the Board

DocuSigned by:  
  
FC93CE905FB14FE... 22 June 2020

**N Ceeney**  
Director

DocuSigned by:  
  
83694F3162184C8... 22 June 2020

**C Crosswell**  
Director

# Innovate Finance Limited

## Independent auditor's report

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### Independent Auditor's Report to members of Innovate Finance Limited

#### Opinion

We have audited the financial statements of Innovate Finance Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position and notes to the financial statements, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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



# **Innovate Finance Limited**

## **Independent auditor's report (continued)**

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We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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 Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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.

# Innovate Finance Limited

## Independent auditor's report (continued)

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### Auditor's responsibilities for the audit of the financial statements

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

### Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Hopkins (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

23 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Innovate Finance Limited

## Statement of Comprehensive Income for the year ended 31 December 2019

**Company number 09007658**

	Note	2019 £	2018 £
Income	3	2,643,449	2,424,645
Cost of sales		(607,258)	(591,534)
		<u>2,036,191</u>	<u>1,833,111</u>
Administrative expenses		(1,848,532)	(1,685,819)
Grant income		250,000	250,000
Profit on ordinary activities before taxation	4	<u>437,659</u>	<u>397,292</u>
Taxation	7	<u>(85,363)</u>	<u>(11,412)</u>
Total comprehensive profit for the year		<u>352,296</u>	<u>385,880</u>

The notes on pages 9 to 17 form part of these financial statements.

# Innovate Finance Limited

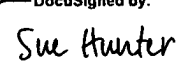
## Statement of Financial Position As at 31 December 2019

Company number 09007658

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Investment	8		528		528
Intangible assets	9		-		1,835
Tangible assets	10		17,091		22,359
			<u>17,619</u>		<u>24,722</u>
<b>Current assets</b>					
Debtors	11	624,981		578,760	
Cash at bank and in hand		906,441		406,307	
		<u>1,531,422</u>		<u>985,067</u>	
<b>Creditors: amounts falling due within one year</b>	12	(1,262,486)		(1,075,530)	
<b>Net current liabilities</b>			<u>268,936</u>		<u>(90,463)</u>
<b>Net liabilities</b>			<u>286,555</u>		<u>(65,741)</u>
<b>Reserves</b>					
Profit and loss account			<u>286,555</u>		<u>(65,741)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved by the Board of Directors and authorised for issue on 11 June 2020.

DocuSigned by:  
 22 June 2020  
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**S Hunter**  
**Director**

The notes on pages 9 to 17 form part of these financial statements.

# Innovate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2019

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### 1 General information and accounting policies

#### *General Information*

Innovate Finance Limited is a company limited by guarantee, domiciled and incorporated in England and Wales.

The address of the Company's registered office and the principal place of business is 7<sup>th</sup> Floor, 2 Finsbury Avenue, London EC2M 2PP.

The principal activity of the Company is described in the Directors' Report.

#### *Accounting Convention*

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

#### *Going concern*

In preparing the financial statements the directors are required to make an assessment of the Company's ability to continue to trade as a going concern.

The directors have analysed the Company's liabilities and future commitments and have compared this against forecasted cash receipts from subscriptions, events and grant income.

Based on this analysis, and the Company's current cash surplus, the directors believe that the Company will have the ability to pay their debts as they fall due, for a minimum of 12 months from the date of approval of these financial statements.

As a consequence, the directors believe it appropriate to prepare the financial statements on the going concern basis.

#### *Functional and presentation currencies*

The financial statements are presented in sterling which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

#### *Income*

Income is recognised at the fair value of the consideration received or receivable from subscriptions, events and grant, net of discounts and Value Added Tax. Subscriptions are recognised on accruals basis over the membership period. Sponsorships are recognised in a period of the relevant event being sponsored.

Income from grant is credited to the profit and loss account over the grant period.

#### *Employee benefits*

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be capitalised as an intangible fixed asset or a tangible fixed asset. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

# Innovate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### *Retirement benefits*

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### *Foreign exchange*

Transactions in currency other than pound sterling are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on such transactions are included in the income statement for the period.

### *Taxation*

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### *Intangible fixed assets other than goodwill*

Intangible assets acquired are recognised at cost and subsequently measure at cost, net of amortisation and any impairment losses. Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Website development costs	-	33% straight line
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### *Tangible fixed assets*

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and equipment	-	25% on reducing balance
Computer equipment	-	33% reducing balance

## **Innovate Finance Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2019 (continued)**

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#### *Impairment of fixed assets*

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### *Financial instruments*

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Financial assets

#### Trade and other debtors

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### Financial liabilities and equity

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

# Innovate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### *Financial instruments (continued)*

#### Trade and other creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Trade and other creditors are payable within 6 months.

#### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## **2 Critical accounting estimates and areas of judgements**

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

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

In the opinion of the directors, there are no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **3 Income**

Income represents the amounts arising from subscriptions, events and grants, which fall within the Company's ordinary activities wholly undertaken within the United Kingdom.

## **4 Operating profit**

	2019 £	2018 £
This is arrived at after charging:		
Amortisation of intangible assets	1,835	2,753
Depreciation of tangible fixed assets	7,496	8,590
Directors' remuneration	378,193	374,156
Auditor's fees - audit services	8,500	8,500
- other services	2,500	2,000
Grant income	(250,000)	(250,000)



# Innovate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 5 Directors' remuneration

	2019 £	2018 £
Emoluments	<u>378,193</u>	<u>374,156</u>

### 6 Employees

The average number of persons employed by the Company during the year amounted to 21 (2018: 20).

Key management remuneration during the period amounted to £378,193 (2018: £374,156).

### 7 Taxation

	2019 £	2018 £
<i>UK Corporation tax</i>		
Current tax on profit for the year	86,712	11,412
Corporation tax – Prior Year	(1,349)	-
	<u>85,363</u>	<u>11,412</u>

### 8 Investment

The company's investment represents the investment in Coinbase Wallet account of £528 (2018: £528). The investment was valued at the market rate as at the year end.

# Innovate Finance Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 9 Intangible assets

	Website development
	£
<i>Cost</i>	
At 1 January 2019	49,312
Additions	-
At 31 December 2019	49,312
<i>Depreciation</i>	
At 1 January 2019	47,477
Provided for the year	1,835
At 31 December 2019	49,312
<i>Net book value</i>	
<b>At 31 December 2019</b>	-
At 31 December 2018	1,835

## 10 Tangible assets

	Plant & Machinery
	£
<i>Cost</i>	
At 1 January 2019	61,508
Additions	2,228
At 31 December 2019	63,736
<i>Depreciation</i>	
At 1 January 2019	39,149
Charge for the year	7,496
At 31 December 2019	46,645
<i>Net book value</i>	
<b>At 31 December 2019</b>	<b>17,091</b>
At 31 December 2018	22,359

# Innovate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 11 Debtors

	2019 £	2018 £
Trade debtors	563,247	514,994
Other debtors	61,734	63,766
	<u>624,981</u>	<u>578,760</u>

All amounts shown under debtors fall due for payment within one year.

### 12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	13,915	28,363
Other creditors	1,057,422	919,533
Corporation tax	86,712	11,412
Taxation and social security	104,437	116,222
	<u>1,262,486</u>	<u>1,075,530</u>

### 13 Guarantee

The Company is limited by guarantee without a share capital. At 31 December 2019, there were 6 guarantors (2018 - 6), each of whom has undertaken to contribute to the assets in the event of the Company being wound up such amount as may be required, not exceeding £1.

### 14 Ultimate controlling party

The Company does not have an ultimate controlling party.

### 15 Related party transactions

The Company paid the following amounts to the following related parties for the services that they provided to the Company during the year and 2018:

Company	Relationship	2019 £	2018 £
Cicero Consulting Limited	Director, I Anderson is a director and controlling party	-	13,000
Rhetorica Limited	Director, D Lopez is a director and controlling party	-	23,250

### 16 Post balance sheet events

During 2020, the global pandemic arising from COVID-19 necessitated measures and actions being undertaken by businesses and individuals to prevent the spread of the disease. The company made the decision to cancel the 2020 IFGS conference, and UK Fintech Week seminars were held digitally in its place.

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