

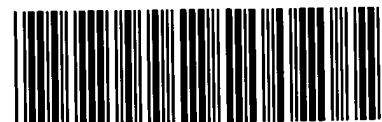
Innovate Finance Limited

Report and Financial Statements

Year Ended 31 December 2022

Company Number 09007658

TUESDAY



ACAGKE23

A10

22/08/2023

#30

COMPANIES HOUSE

Innovate Finance Limited

Report and financial statements for the year ended 31 December 2022

Contents

Page:

1	Chairman's statement
3	Report of the directors
5	Independent auditor's report
9	Statement of Comprehensive Income
10	Statement of Financial Position
11	Notes forming part of the financial statements

Company Information

Directors

L Smith	(Chair)
A French	(Non Executive Director)
D Lopez	(Non Executive Director)
I Anderson	(Non Executive Director)
P Kaur	(Senior Independent Director)
S Lewis	(Non Executive Director)
Y Bajela	(Non Executive Director)
J Hirt	(Chief Executive Officer)
T Chambers	(Chief Finance Officer)

Registered office

Level 5
37 Sun Street
London
EC2M 2PL

Auditor

Anderson Anderson & Brown Audit LLP
1st Floor
131 Finsbury Pavement
London
EC2A 1NT

Company number

09007658

Innovate Finance Limited

Chairman's statement for the year ended 31 December 2022

I am pleased to report that 2022 has been another exciting year for the UK FinTech community and Innovate Finance, although it has not been without its challenges. Our 2022 Investment Report showed that the UK attracted \$12.5 billion in FinTech investment from private equity and VCs in 2022, strengthening the position of the UK as one of the best destinations to start and scale a FinTech business. Despite challenging economic conditions, the UK continued to attract more investment than any other country bar the United States, and received more capital than the next 13 highest European countries combined.

Despite this positive news, global investment into FinTech was still down 30% year on year from 2021 to 2022, a reflection of the cost of living crisis that has impacted a majority of business segments throughout 2022 and into 2023. In light of this, Innovate Finance has expanded and improved our membership offering to provide the best support possible to our members, be they established high growth FinTechs or early stage innovative companies.

In the autumn of 2022, we launched our Innovate Finance FinTech Academy for Startups and Scaleups, with a special focus on providing support to early stage companies, many of whom have been hit particularly hard by the global economic challenges. Our Academy connects entrepreneurs and founders into investors, journalists, peer entrepreneurs, and potential partners with the aim of providing tangible expertise and insight to support firms on their scaling journey.

We have also worked hard to expand the offering for our high growth companies, through an expansion of our policy work and vertical-specific advocacy initiatives; the creation of our new IF CMO, CTO, and CRO roundtable series; the development of our International FinTech group, and an expansion of our Talent & Skills and our Capital & Investment series.

On policy, we responded to 26 consultations over the first 6 months of 2023, including on issues such as crypto, open banking, CBDCs, consumer credit, consumer duty, APP fraud, and beyond. We have organised roundtables with our members to connect them directly to senior stakeholders at the FCA, PRA, FOS, and the PSR, and we have had the privilege of welcoming the EST, Andrew Griffith; the CEO of the British Business Bank, Louis Taylor; Tulip Siddiq, Shadow EST; and other senior policy leaders and decision-makers to our FinTech Strategy Group. We also held a private roundtable with the Chancellor of the Exchequer, HMT, and a small group of our members during IFGS 2023 to discuss key issues facing the continued growth of the sector. Innovate Finance was also actively involved in the discussions with government throughout the Silicon Valley Bank collapse and the ensuing solution.

Throughout the past year we have continued with our quarterly High Growth CEO dinners to address particular issues facing larger, established FinTechs, including access to capital and talent, and have expanded this series out to cater to supporting other C-level executives. Going forward, we are in the midst of developing a specific programme around ensuring proper governance and a positive culture while successfully scaling.

Our International FinTech Group, which Innovate Finance co-chairs with DBT, continues to expand. Over the past year the Group has identified 8 global conferences where we as an industry will work together to ensure a cohesive and united UK FinTech presence, including events like Money2020 and SIBOS. Under this group, Innovate Finance, alongside DBT, has also launched the UK FinTech Census, aimed at understanding FinTech's priority global markets for scaling and the key challenges or obstacles they may face. Through understanding and addressing these issues, we will be supporting more UK FinTechs to become global household brands on the international stage.

In 2022 we hosted our first dedicated afternoon to supporting FinTechs in recruiting and hiring new talent, garnering insights on what the new labour market looks like in the world of hybrid working and a cost of living crisis. We will be expanding on this in the coming year to continue to aid our members in accessing the best domestic and global talent.

Innovate Finance has also been working closely with the Lord Mayor, the Policy Chairman and our partners at the City of London Corporation to drive greater domestic UK institutional investment into growth companies, a challenge which has historically hindered our ecosystem's efforts at ensuring high growth FinTechs remain and list here in the UK. We are hopeful that we will continue to see more positive progress on this in the coming months.

Innovate Finance Limited

Chairman's statement for the year ended 31 December 2022 (continued)

Our flagship event, the Innovate Finance Global Summit 2022 ("IFGS 2022") in April welcomed over 1,500 in person attendees and 500 online, representatives from 60 countries and over 270 speakers among leaders and innovators across FinTech, financial services and technology and generated a profit of c£560k.

We continue to lead the agenda on ESG initiatives in FinTech and financial services and gathered senior leaders from across the industry for our FinTech as a Force for Good Summit ("FFFG 2022"), to discuss key issues facing society and to showcase how the sector can help create and support a fairer, greener, and more sustainable world for all. As part of our commitment to create a more diverse FinTech sector, we worked with our partner EY on our annual survey to take the pulse on female leaders in FinTech and provide recommendations on what the ecosystem can do to ensure equal representation and equal access. We also received over 900 applications for our Women in FinTech Powerlist 2022 and were delighted to celebrate those women truly transforming financial services for the better.

Innovate Finance also continued our work with BBC StoryWorks and announced the launch of the second series of 'Innovation in Finance', which focuses on financial inclusion, financial wellness and net zero.

Over the past year Innovate Finance launched the UK FinTech Academic Network (UKFAN), together with a community of FinTech Academics chaired by Alliance Manchester Business School, to work on key areas where the UK can continue building on its global leadership through innovative R&D.

Our team grew to 23 by the end of 2022 as we welcomed two policy associates to further develop our advocacy work, a Head of Ecosystem to drive member-led programmes, and a new Partnerships Director to build on our membership pipeline. All of our achievements in 2022 were possible thanks to the outstanding work of our incredibly passionate and high-performing small team.

We made a pre-tax net profit of £307k for the year ended 31 December 2022, which further strengthened our reserve position to meet the economic and cost of living challenges that we face in 2023.

As 2023 unfolds, we were proud to see Innovate Finance ranked as the best FinTech trade association worldwide by FinTech Magazine in February 2023, a testament to our work in support of the FinTech ecosystem.

We have released more thought leadership content in 2023, including a report on FinTech's role in the cost of living crisis with EY, and a white paper on open banking use cases with BCG, and we are also delighted to launch the very first Pride in FinTech Powerlist in the summer of 2023.

We would like to thank all of our members, partners, and sponsors for their ongoing support as we continue to lead on convening and connecting the ecosystem, championing and promoting UK FinTech globally, and advocating and lobbying on the sector's behalf to cement the UK as the best place in the world to start, build, and grow a FinTech.


Lou Smith (Jul 24, 2023 13:30 GMT+1)

L. Smith
Chair, Innovate Finance
Jul 24, 2023 July 2023

Innovate Finance Limited

Report of the directors for the year ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

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 who served at any time during the current financial year were as follows:

Chairman	L Smith
CEO	J Hirt
CFO	T Chambers
Non-executives	A French D Lopez I Anderson P Kaur S Lewis Y Bajela

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.

The company's main revenue streams are derived from the provision of services to its members and from the company's flagship event "Innovate Finance Global Summit (IFGS)". The company's membership base remains strong and IFGS 2022 returned as an in-person event in April 2022. The profitability was similar to pre-pandemic level. IFGS2023 was also profitable despite tough economic conditions.

Based on this analysis, and the company's current cash surplus of c.£1.8million, 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 2022 (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.

Anderson Anderson Brown Audit LLP were appointed as auditors in October 2022 and are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with provisions applicable to companies entitled to the small companies exemptions.


On behalf of the Board


Yvonne Bajela (Jul 24, 2023 15:13 GMT+1)

Y Bajela

Director

Jul 24, 2023 July 2023



J Hirt

Director

July 2023

Jul 27, 2023

Innovate Finance Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE FINANCE LIMITED

Year ended 31 December 2022

Opinion

We have audited the financial statements of Innovate Finance Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position 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 FRS 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Other matter

Without qualifying our opinion, we draw attention to the Accounting Policies to the financial statements and the fact that the comparative information in the accounts was unaudited as company was entitled to exemption from audit.

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.

Innovate Finance Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE FINANCE LIMITED

Year ended 31 December 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 further 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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.

Innovate Finance Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE FINANCE LIMITED

Year ended 31 December 2022

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading
- Recognising revenue in the correct period

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations
- Sales testing on a sample basis to agree to supporting documentation and cut off testing around the year end to ensure revenue is recognised in the correct period

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Innovate Finance Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE FINANCE LIMITED

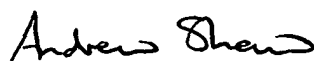
Year ended 31 December 2022

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 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.



Andrew Shaw (Senior Statutory Auditor)

For and on behalf of
Anderson Anderson & Brown Audit LLP
1st Floor
131 Finsbury Pavement
London
EC2A 1NT

~~July 2023~~ 3 August 2023

Innovate Finance Limited

Statement of Comprehensive Income for the year ended 31 December 2022

Company number 09007658

	Note	2022 £	2021 £
Income	3	2,864,954	2,049,996
Cost of sales		(467,554)	(26,868)
Gross profit		2,397,400	2,023,128
Administrative expenses		(2,240,398)	(1,914,289)
Grant income		150,000	222,500
Profit on ordinary activities before taxation	4	307,002	331,339
Taxation	7	(55,063)	(64,128)
Profit for the financial year and total comprehensive income		251,939	267,211

The notes on pages 10 to 17 form part of these financial statements.

Innovate Finance Limited

Statement of Financial Position As at 31 December 2022

Company number 09007658

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	8		20,616		15,943
			<u>20,616</u>		<u>15,943</u>
Current assets					
Debtors	9	566,689		529,358	
Cash at bank and in hand		1,883,384		1,482,458	
		<u>2,450,073</u>		<u>2,011,816</u>	
Creditors: amounts falling due within one year	10	(1,524,042)		(1,333,051)	
Net current assets			<u>926,031</u>		<u>678,765</u>
Net Assets			<u>946,647</u>		<u>694,708</u>
Reserves					
Profit and loss account			<u>946,647</u>		<u>694,708</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 13 July 2023.

Thin Chambers
Thin Chambers (Jul 27, 2023 12:54 GMT+1)

T Chambers
Director

The notes on pages 10 to 17 form part of these financial statements.

Innovate Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2022

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 Level 5, 37 Sun Street, London, United Kingdom, EC2M 2PL.

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 grants, 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 grants is recognised on the accruals basis 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 2022 (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.

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 2022 (continued)

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 2022 (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

	2022 £	2021 £
This is arrived at after charging:		
Impairment of intangible assets	-	1,528
Depreciation of tangible fixed assets	11,885	5,937
Directors' remuneration	314,590	341,287
Auditor's fees - audit services	13,000	10,000
- other services	2,950	2,750
Grant income	(150,000)	(222,500)

Innovate Finance Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)*

5 Directors' remuneration

	2022 £	2021 £
Emoluments	314,590	341,287

6 Employees

The average number of persons employed by the Company during the year amounted to 21 (2021: 18).

Key management remuneration during the period amounted to £314,590 (2021: £341,287).

7 Taxation

	2022 £	2021 £
<i>UK Corporation tax</i>		
Current tax on profit for the year	57,000	64,000
Corporation tax – Prior Year	(1,937)	128
	55,063	64,128

UK corporation tax at the rate of 19% will continue to be effective until 31 March 2023. From 1 April 2023, companies with taxable profits of more than £250,000 will pay the corporation tax at 25%.

Innovate Finance Limited

Notes forming part of the financial statements
for the year ended 31 December 2022 (continued)

8 Tangible assets

	Plant & Machinery £
<i>Cost</i>	
At 1 January 2022	74,086
Additions	16,733
Disposals	(53,754)
At 31 December 2022	<u>37,065</u>
<i>Depreciation</i>	
At 1 January 2022	58,143
Charge for the year	11,885
Disposals	(53,579)
At 31 December 2022	<u>16,449</u>
<i>Net book value</i>	
At 31 December 2022	<u>20,616</u>
At 31 December 2021	<u>15,943</u>

9 Debtors

	2022 £	2021 £
Trade debtors	469,020	486,025
Other debtors	97,669	43,333
	<u>566,689</u>	<u>529,358</u>

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

10 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	69,085	38,353
Corporation tax	57,000	64,000
Taxation and social security	176,300	145,616
Other creditors	59,605	102,000
Deferred income	1,162,052	983,082
	<u>1,524,042</u>	<u>1,333,051</u>

Innovate Finance Limited

**Notes forming part of the financial statements
for the year ended 31 December 2022 *(continued)***

11 Guarantee

The Company is limited by guarantee without a share capital. At 31 December 2022, there were 5 guarantors (2021 - 5), 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.

12 Ultimate controlling party

The Company does not have an ultimate controlling party.