UK Finance

Annual Report and Financial Statements

2023

1 January to 31 December

UK Finance

Representing 300 firms, we're a centre of trust, expertise and collaboration at the heart of financial services. Championing a thriving sector and building a better society.

Our purpose

To build a better society.

Our corporate objectives

- Empowered people
- Expert advocacy
- Authoritative data
- Trusted partnerships
- Excellent services
- Financial resilience

Our vision and values

To be the best financial services trade association in Europe, solving the problems of today and shaping the landscape of tomorrow.

Integrity. We act for the good of our members, customers and society.

Excellence. We set the standards for quality, experience, and best practice.

Leadership. We drive innovation and shape the future finance landscape.

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Chief Executive's Foreword

2023 was a challenging year marked by global economic slowdown, ongoing international conflicts and continuing pandemic-related market distortions. In the UK, inflation and the resulting high interest rates and energy prices continued to impact on the cost of living for the second year in a row.

Amid ongoing pressure on households, our industry continued to support homeowners struggling to afford their mortgages or who were worrying about how they would meet future mortgage repayments. With the help of UK Finance, in June 2023 over 40 lenders signed the government's Mortgage Charter, designed to support borrowers through this difficult period. At the same time, the Reach Out campaign was launched to ensure borrowers knew what to expect if they need mortgage support and encouraging them to engage with their lender.

Fraud has continued to be one of the most concerning issues for society. It is the most common crime type experienced by victims in the UK and in the first six months of 2023 a total of £580 million was stolen from victims of fraud by criminals, with the advanced security systems used by banks preventing a further £651 million from being stolen. The financial services industry remains committed to protect the security, prosperity and reputation of the UK. 2023 saw important changes with the Online Safety Act, the Financial Services and Markets Act, and the Economic Crime and Corporate Transparency Act, which we have tirelessly advocated for, coming into force. It also saw the signing of the Online Fraud Charter by 11 of the world's largest tech companies, introducing a range of measures to protect people from online fraud. The Dedicated Card & Payment Crime Unit (DCPCU), our operational police unit funded by members, continued its great work saving our members and their customers over £33 million. They also disrupted 10 organised crime groups and secured 68 convictions.

We have continued to champion UK's competitiveness on the global stage. We played a key role in getting the Financial Reporting Council's to substantially scale-back its plans to update the UK Corporate Governance Code, and the government to reverse legislation that would have introduced a 1.5% charge on the issuance of UK shares into clearance or depository receipt services.

2023 also saw a broad package of targeted reforms designed to strengthen UK capital markets being delivered. These range across Lord Hill's proposed reforms to the UK listings regime, HMT's Wholesale Markets Review and the Edinburgh Reforms. The breadth of these reforms is extensive, and hopefully will make it easier for companies to access public markets. Our UK Capital Markets: Building on Strong Foundations report identifies areas that require further attention and puts forward a series of recommendations to government and devolved administrations to address the structural challenges hindering the growth of UK companies and to reinforce the UK as a destination of choice.

Embracing technological advancement and innovations in our capital markets will be key to our future success. We are driving the debate on how the UK can become a leader in securities tokenisation. Our report 'Unlocking the power of securities tokenisation' looks at how we can grasp this opportunity and lead the world in this area. We are well placed for success but need bold action from government and regulators to avoid falling behind other jurisdictions. Separately, we joined other associations in the new UK Forum for Digital Currencies to develop policy and seize the opportunities of digital money. We have published three reports (with support from Associate Members) on how Artificial Intelligence and Quantum computing could reshape the landscape of the UK's financial services sector, highlighting risks and opportunities.

We have continued to advocate for green growth, which could bring business opportunities worth an estimated £1 trillion by 2030. The year began with the Department of Net Zero and Energy Security being set up. UK Finance has played a key role helping to shape the 2023 Green Finance Strategy. Our landmark Net Zero Homes report was instrumental in persuading the government to commit £1.8 billion to improve energy efficiency and reduce emissions in homes. I was also part of the Energy Efficiency Taskforce Group, led by Lord Callanan, that worked with ministers to deliver government's ambition to reduce total UK energy demand by 15% from 2021 levels by 2030, with a particular focus on the role of the private sector and the stimulation of investment.

More broadly, we continue to engage regularly with the government and regulators, representing our members' interests on a broad range of issues in Westminster and Whitehall. Ahead of a General Election we have also extensively engaged with the opposition, including with Sir Keir Starmer and Rachel Reeves.

We received yet again in 2023 strong feedback in our annual member survey, where 96 per cent of respondents were positive about UK Finance's performance in advancing the interests of members and stakeholders. But we are not complacent and will continue to work hard to enhance our influence and expertise. For the first time, we carried out a survey with our key external stakeholders, including regulators, media and parliamentarians, seeking to understand what they think of our work. I am pleased to say that results were very positive, with 92 per cent of respondents saying that UK Finance is an influential organisation.

2024 will present new challenges and opportunities. We will continue to support our members through clear advocacy, robust data, and industry expertise, champion our sector and demonstrate how it builds a better society.

I would like to thank UK Finance colleagues, members and stakeholders who made our successes possible in 2023. I believe we are well placed to achieve much more in 2024.

David Postings
CEO, UK Finance

02 Officers and professional advisors

Directors

The directors who served during the period under review and up until the date of signing the financial statements.

2023 Board Directors	Firm and role	Appointment changes
Robert (Bob) Wigley (Chair)	UK Finance, Chair	
David Postings (CEO)	UK Finance, CEO	
David Duffy (Senior Independent Director)	Virgin Money UK, CEO	
Chris Beatty	Morgan Stanley, MD / COO EMEA	Appointed 01/05/2023
Anne Boden	Starling Bank, CEO	Retired 07/05/2023
Robert (Robin) Bulloch	TSB Bank, CEO	Appointed 01/02/2023
Miles Celic	TheCityUK, CEO	
Debbie Crosbie	Nationwide Building Society, CEO	Appointed 01/05/2023
Vicky Davies	Danske Bank UK, CEO	Appointed 01/07/2023
Kelly Devine	Mastercard, Division President UK & Ireland	Retired 01/02/2024
Joanna Elson, OBE	Money Advice Trust / Independent Age, CEO*	
Richard Fearon	Leeds Building Society, CEO	Appointed 01/07/2023
Lucy-Marie Hagues	Capital One, CEO	
Sean (Matt) Hammerstein	Barclays Bank UK, Head of Retail Production & Segments	
John Hourican	NewDay, CEO	
Stephen Hughes	Coventry Building Society, CEO	Retired 07/05/2023
Arun Kohli	Morgan Stanley, COO EMEA	Retired 01/02/2023
Mandy Lamb	Visa Europe, Managing Director UK & Ireland	
Wayne Lawson-Turnbull	UBS, UK COO	Appointed 01/02/2023
Ruth Leas	Investec Bank, CEO	Retired 07/05/2023
Tiina Lee	Deutsche Bank UK / Citi UK, CEO**	
David Lindberg	NatWest Bank, CEO Retail Banking	Retired 08/10/2023
Erin Platts	Silicon Valley Bank UK, CEO	Retired 28/02/2023
Max Roberts	Stripe, UK & MEA Leader	Retired 30/11/2023
Jasjyot (Jas) Singh, OBE	Lloyds Banking Group, CEO Consumer Lending	Appointed 19/10/2023
Ian Stuart	HSBC Bank, CEO	
Nigel Terrington	Paragon Bank, CEO	Retired 30/09/2023
(TS) Anil Sai Tummalapalli	Monzo Bank, CEO	Retired 01/02/2024
Anne Marie Verstraeten	BNP Paribas, UK Vice Chair	Retired 13/02/2024

*Joanna resigned as CEO of Money Advice Trust and was appointed CEO of Independent Age as of 25 September 2023.

**Tiina resigned as CEO, UK & Ireland of Deutsche Bank UK and was appointed CEO of Citi UK as of 16 October 2023.

Appointments since year end:

Board Directors	Firm and role	Appointment changes
Saif Mailk	Standard Chartered, CEO	Appointed 08/02/2024
Thierry d'Argent	Société Générale, UK Country Head	Appointed 08/02/2024
Mickey Schiller	Leumi UK, CEO	Appointed 08/02/2024

UK Finance Limited is a company limited by guarantee incorporated in England in Wales.

Registered number

10250295

Registered office

5th Floor, 1 Angel Court

London

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External auditor

RSM UK Audit LLP

25 Farringdon Street

London

EC4A 4AB

03 Strategic report

The directors present their strategic report for the year ended 31 December 2023.

The directors of UK Finance are responsible for promoting the long-term success of the company and, in so doing, have regard to the interests of various stakeholders.

Below is a summary of how these stakeholders and matters have been considered during 2023.

Directors' Duties

The directors of UK Finance Limited (the 'Company', or 'UK Finance'), and those of all UK companies, must act in accordance with a set of general duties detailed in the UK Companies Act 2006. Section 172 of the Act sets out the duty to promote the success of the company, which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. The likely consequences of any decision in the long term;

b. the interests of the company's employees;

c. the need to foster the company's business relationships with suppliers, customers and others;

d. the impact of the company's operations on the community and the environment;

e. the desirability of the company maintaining a reputation for high standards of business conduct; and

f. the need to act fairly as between members of the company.'

As part of their induction a director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the company and details of this can be found in our Corporate governance section on pages 34-39.

The following paragraphs summarise how the directors fulfil their duties:

Risk management

UK Finance actively manages risk on a daily basis and consideration of risk is part of the process in all long-term decision making. Details of our approach to risk management can be found on page 38.

Employees

Our people are our most valuable asset. Supporting and developing our colleagues to empower them to deliver excellent services to our members is a key objective. Below are some examples of how we monitor and enhance our employee experience.

Colleague Engagement

During 2023 we undertook our annual colleague engagement survey with Best Companies and we are proud to have retained our 'one star' accreditation and been rated by Best Companies as 'a Very Good Company to Work for'. During 2023 we were also delighted to achieve positions on the Business Services Sector and London's Best Large Companies to Work for League Tables.

Our values are integral to the way we work. They inform everything that we do and are core to our operations. Our three core values are:

- Integrity – we act transparently and ethically for the good of our members as well as their customers and wider society. We seek to enhance trust in the banking and finance industry.
- Excellence – we lead from the front as a beacon of quality, inspiration and best practice.
- Leadership – we are proactive and innovative in helping to shape tomorrow's banking and finance landscape.

In order to support and complement the findings from our colleague survey, and to ensure that we are on the right path to maintaining a sustainable and positive culture, we commissioned Grant Thornton to undertake an independent 'stocktake' of our organisational culture.

The report provided three recommendations which have been (or are being) implemented:

- To link and build on existing elements to construct a more formal culture strategy to embed the desired culture.
- To develop the internal communications strategy to facilitate and reinforce communications that support the desired culture.
- To deliver psychological safety training to ensure people managers are equipped to support their teams and colleagues know how and feel able to 'speak up'.

Women in Finance

UK Finance is committed to the HM Treasury Women in Finance Charter (the 'Charter'). The Charter is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fairer financial services industry.

In signing up to the Charter in November 2017, following discussion within our Board, we set ourselves the target of achieving 40 per cent female representation within senior management over three years.

We are delighted that we have now met this initial target and we are now looking ahead and focusing on achieving gender parity by December 2024. To date we have made excellent progress towards this target which is supported by current gender equality across our organisation within middle management and more junior posts.

Gender and Ethnicity Pay Gap

We voluntarily participate in Gender Pay Gap and Ethnicity Pay Gap reporting and publish our results on our website. During 2023 we continued to focus on practical measures that will support the work we are doing to reduce our gender and ethnicity pay gaps.

Social Mobility Pledge

As a signatory of the social mobility pledge we are committed to supporting and driving social mobility through our outreach, access and recruitment activities. This year we are delighted to once again be working with Career Ready, a national social mobility charity which works with employers, schools, and volunteers to support young people across the UK, to offer a number of paid work experience opportunities to disadvantaged young people between the ages of 16 and 18.

Living Wage

As a London Living Wage employer, UK Finance is proud to be a supporter of the Living Wage Foundation, the independent movement of organisations, businesses and people campaigning for a real living wage based on the cost of living, not just the government-determined minimum wage.

Business relationships

Our strategy is to work with business partners to champion a thriving banking and finance industry. Our operational activity enhances members' own services in situations where collective industry action adds value. Developing and maintaining strong relationships with our members, customers and suppliers is essential to this. We value our suppliers and aim to have multi-year contracts with our key suppliers.

Prompt Payment Code

UK Finance is proud to be signed up to the Prompt Payment Code (the "Code") and has had 30-day standard payment terms since its inception. The Code sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management on behalf of the Department for Energy Security & Net Zero.

Compliance with the principles of the Code is monitored and enforced by the Prompt Payment Code Compliance Board. The Code covers prompt payment, as well as wider payment procedures.

Supplier Charter

UK Finance aspires to meet the highest standards of business conduct and expects the same of its suppliers. Our Supplier Charter sets out how UK Finance will work with suppliers and supply chain partners to deliver excellence in sustainability.

Members

UK Finance members reflect the dynamic landscape of the financial services industry. Our membership encompasses a diverse collective of providers and facilitators of finance, spanning across retail, commercial and wholesale banks, global and niche payments service providers, specialist non-bank lenders and financial technology and market infrastructure firms. Ranging from well-established to new entrants to the industry. Our members' customers are individuals, corporates, charities, clubs, associations and government bodies, served domestically and cross-border. These customers access a wide range of financial and advisory products and services, essential to their day-to-day activities. We work for and, on behalf of, our members to promote a safe, transparent, and innovative banking and finance industry. We offer research, policy expertise, thought leadership, peer communities and advocacy in support of our work. We provide a single voice for a diverse and competitive industry.

Associate members

Associate members of UK Finance are firms that support the financial services industry – including in the legal, consulting and technology sectors. Although not members of the company, the support of our associate members is vital to our members' and our objectives. Working together, UK Finance and our associate members aim to ensure that the UK retains its position as a safe and transparent global leader in financial services, placing the interests of customers at the heart of our work.

Community and environment

UK Finance is committed to supporting the wider community and protecting our environment. UK Finance provides a volunteering programme to colleagues which demonstrates our commitment to our communities, our people and our members, and is integral to our role as a responsible business. Our volunteering policy enables colleagues to take up to three days paid leave each year to support good causes. During 2023 our colleagues have supported a wide variety of community projects with practical and skills-based volunteering which have included taking on trustee roles with registered UK charities, undertaking various fund-raising roles, supporting policing teams as an Active Citizen, helping out at food banks and homeless hostels, and undertaking parent governor roles at schools.

In 2023, UK Finance nominated The Listening Place as our charity of the year, which was supported through fundraising initiatives by colleagues. We also partner with Whizz Kidz, National Autism Society, 10,000 Black Interns and Career Ready to provide work experience and intern opportunities for young people supported by these organisations.

To further our ambitions for a decarbonised economy, we also introduced an electric vehicle scheme in 2023, where employees can lease an electric car via salary sacrifice.

We continue to ensure that we use our resources appropriately to deliver both environmental and financial benefits and, where possible, reduce our impact on the environment. We work closely with our suppliers to make sure that they support our commitment to sensible environmental practices and good corporate responsibility.

Sustainability

Streamlined Energy and Carbon Reporting

Our energy use and greenhouse gas emissions data for the financial year 2023 has been independently produced by a third-party consultant with expertise in this area, based on information provided by UK Finance. Greenhouse gas (GHG) emissions were calculated in line with GHG Reporting Protocol - Corporate Reporting Standard and reported in line with the UK Government's Guidance on Streamlined Energy and Carbon Reporting (SECR).

We adopted an operational control approach to set boundaries for carbon calculation for FY23. Based on an operational control approach, the emissions from the office that we operate in are accounted for within Scope 1 and Scope 2 categories. Emissions from the office that relate to the the jointly operated Dedicated Card and Payment Crime Unit (DCPCU), are accounted for in Scope 3 as we do not have 100% control of the operation. In line with the GHG Protocol - Corporate Reporting Standard, we disclose the following scope 1, 2 and 3 emissions:

- **Scope 1:** covers natural gas related emissions from our office in Angel Court, we do not have a company fleet and the emissions from refrigerants are not material, therefore they are excluded from Scope 1.
- **Scope 2:** covers emissions associated with our electricity consumption in Angel Court, expressed through both a location-based approach and a market-based approach. The market-based approach reflects that 100% renewable electricity has been sourced in our office; and
- **Scope 3:** includes both the mandatory element of SECR, grey fleet related business travel, and voluntary elements of other Scope 3 categories that span across the value chain.

We use the most robust and accurate data source available for each component of our energy use and carbon emission calculations for SECR. Assumptions and estimations are only used when strictly necessary by means of the most robust data and assumptions available. Emission factors published by the UK Department for Energy Security and Net Zero for 2023 were used for energy and emissions calculations based on primary activity data. Conversion factors published by UK Department for Environment, Food & Rural Affairs and the University of Leeds were used for the calculations based on spend values for Scope 3 categories.

For sources of energy and emissions mandatory for SECR:

- Scope 1 and Scope 2 energy and emissions have been based on gas and electricity invoices in the year.
- For the mandatory element of business travel related to grey fleet, we used mileage data recorded from our expense system. This is an improvement compared to FY22 where business travel was based on spend data.

For other Scope 3 sources of emissions not mandatory for SECR, the following categories of emissions have been included in the year:

- Purchased goods and services: emissions from products or services purchased in the year have been primarily based on expenditures incurred in the year.
- Employee commuting and homeworking: the distance data for employee commuting, through tube, bus or rail, were used for commuting related emission calculation. In addition, homeworking has also been

included in this category.

- Business travel (non-SECR): business travel that is outside of the mandatory scope of SECR include air travel, taxi, bus, train, tram and tube. Spend data from all these in non-SECR group was obtained to reach associated emissions. Hotel stays for business trips were also included in this category, based on the number of room nights recorded on the expense system.
- Capital goods: Emissions on capital goods have been based on the capital expenditure incurred in the year.
- Other relevant Scope 3 emissions, including:
  - Fuel and energy related activities: emissions related to energy loss during transmission and distribution (T&D) as well as the well to tank (WTT) emissions have been based on primary data, such as energy consumed and mileage travelled in the year.
  - Water: emissions related to water supplied are categorised within this category, which has been based on the water invoice for Angel Court, pro-rated for UK Finance.
  - Waste related emissions: including wastewater, which is assumed to be 90% of water supplied in the year. Other wastes include dry mixed waste, general waste, glass, cardboard and food waste. It is assumed 88% of waste is recycled and 12% is recovered. Therefore, 88% has been applied to all waste types to reach the amount of waste recycled. The remaining 12% has been assumed to be recovered with no resulting emissions.
  - Energy related emissions from the offices at Thomas More Square have been included as Scope 3 emissions here to reflect the joint operation of the DCPCU.

Energy Use and Greenhouse Gas Emissions

The table on page 18 shows energy consumed along with greenhouse gas emissions for both mandatory elements of SECR and voluntary Scope 3 emissions, for FY22 and FY23. Mandatory elements of SECR include energy used under Scope 1, Scope 2 and grey fleet related Scope 3. Other parts of Scope 3 emissions are not required by SECR, therefore the energy figure, in kWh, does not apply to them. It should be noted that data have been improved to calculate the energy value from grey fleet related business travel in FY23 to fill the gap from FY22. Homeworking has been categorised with employee commuting in FY23 based on the guidance provided by the UK Government on SECR. The energy and emissions from the joint operation, DCPCU, have been categorised under Scope 3 in FY23 based on the operational control approach taken.

Compared to FY22, emissions have increased by 11% overall in FY23. This is primarily driven by an increase in gas consumption at Angel Court and inclusion of more sources of emissions in Scope 3 and improved data quality in Scope 3. For instance, fuel and energy related emissions only accounted for transmission and distribution (T&D) from electricity in FY22, whereas emissions from well to tank (WTT) for gas, electricity and grey fleet business travel have all been included in FY23. Business travel related emissions also increased in the year due to changes in the underlying data. Instead of spend values applied in FY22, the mileage data for grey fleets has been used in FY23. Data for emissions related to hotel stays were also improved to account for actual room nights instead of spend values.

Despite the changes in carbon accounting approach and improvements in source data, the energy intensity ratio and the carbon intensity ratio have stayed consistent between FY22 and FY23. The intensity ratios

have been based on the average Full Time Equivalent (FTE) employees of 237.1. The table on page 19 presents emission intensity ratios for both location based and market based carbon footprint. Separate intensity ratios are shown for UK energy related emissions covering the mandatory elements of SECR and overall emissions including both mandatory and voluntary emission categories.

UK Finance continually looks for ways to improve our energy efficiency and adopt sustainable practices. The following energy efficiency measures have been carried out in FY23:

- Upgraded our network switches which incorporate intelligent features that significantly reduce power consumption.
- Replaced our multi-function printers with a smaller number of energy-efficient models.
- Scheduled the air conditioners to maximise energy efficiency by switching them on at 7am and off at 7pm weekdays. Air conditioners are turned off at the weekend.
- Stopped purchasing disposable wipes in favour of using microfibre cloths which are reusable.
- Implemented a supplier charter to work with suppliers to deliver excellence in sustainability.
- Updated our travel and expense policy to encourage virtual collaboration tools where practicable (e.g. Zoom or Microsoft Teams). Where journeys cannot be replaced, colleagues are required to consider sustainable travel options.

Category	Energy Use kWh FY23	Tonnes CO_2e FY23	Energy Use kWh FY22	Tonnes CO_2e FY22
Scope 1 and 2 emissions				
Natural gas	198,812	36.4	180,108	32.9
Electricity (location based)	189,276	39.2	240,589	46.5
Electricity (market based)	189,276	0.0	240,589	12.3
Total Scope 1 and 2 energy and emissions (location based)	**388,088**	**75.6**	**420,697**	**79.4**
Total Scope 1 and 2 energy and emissions (market based)	**388,088**	**36.4**	**420,697**	**45.2**
Scope 3 emissions				
Grey fleet related business mileage	21,044	5.0	N/A	40.3
Other business travel (non-SECR)	N/A	261.6	N/A	146.7
Purchased good and services (including water)	N/A	3,194.5	N/A	2,767.0
Employee commuting and homeworking	N/A	126.4	N/A	175.6
Capital goods	N/A	41.7	N/A	151.0
Other	N/A	27.9	N/A	9.7
Total location based carbon emissions	**409,132**	**3,732.7**	**420,697**	**3,369.7**
Total market based carbon emissions	**409,132**	**3,693.5**	**420,697**	**3,335.5**

Item	FY23	FY22
UK energy use from gas, electricity and grey fleet (kWh)	409,132	420,697
UK energy emissions from Scope 1, and Scope 2 and grey fleet related Scope 3 (tCO_2e)	80.6	79.4
Location based UK energy emissions intensity ratio (tCO_2e per FTE)	**0.3**	**0.4**
UK energy emissions from Scope 1, market based Scope 2 and grey fleet related Scope 3 (tCO_2e)	41.4	45.2
Market based UK energy emissions intensity ratio (tCO_2e per FTE)	**0.2**	**0.2**
Total greenhouse gas emissions (location based)	3,733	3,370
Total carbon intensity ratio: tCO_2e per FTE (location based)	**15.7**	**15.5**
Total greenhouse gas emissions (market based)	3,694	3,336
Total carbon intensity ratio: tCO_2e per FTE (market based)	**15.6**	**15.3**

Review of the business - key achievements of 2023

Supporting consumers and businesses

- Formalising the support available to mortgage customers through the Mortgage Charter.
- Pushing for reforms to protect people from gambling related harm.
- Improving the savings market via the cash savings market review.
- Providing a strong, evidence based response to the Treasury Select Committee inquiry into SME finance.
- Launching our national Reach Out campaign to highlight the types of support available to mortgage borrowers amid the rising cost of living.

Transitioning to net zero

- Funding for energy efficient homes and public buildings delivered through the Social Housing Decarbonisation Fund.
- Launch of the Brokers’ Handbook to help educate mortgage intermediaries about green retrofit solutions.
- Progress towards adoption of international sustainability standards for financial reporting.

Enabling digital innovation

- Supporting Joe Garner's Future of Payments Review.
- Consulting on the development of a safe and usable central bank digital currency.
- Bringing together business, academia, government and regulators at the Digital Innovation Summit.

Developing a high growth economy

- A secondary competitiveness objective for financial services regulators.
- Legislative change allowing the Financial Ombudsman Service to charge claims management companies.
- Streamlining of the ringfencing regime.
- Provisions to allow improvements to the UK’s capital markets and listings rules.
- Streamlining of audit and corporate governance regime plans.
- Pushing for global leadership in tokenisation.

Preventing economic crime

- Tackling online fraudulent advertisements via the Online Safety Act.
- Development of a Fraud Charter to address online scams.
- Delivering a Money Mules education programme to schools.
- Driving a major international collaboration on the oil price cap.
- Working with government on the Economic Crime Plan.

Supporting consumers and businesses

The UK economy experienced difficulties in 2023 affecting households and their budgets. The financial services industry offered support where possible. To enable this, UK Finance brought the industry together on key cost of living measures and effectively communicated the support available to customers.

The industry's support of businesses and SMEs has helped to drive economic growth by providing billions of pounds of financing across the country each year. UK Finance continues to ensure businesses are aware of the support available to them.

Mortgage Charter and Reach Out campaign

Rising interest rates for mortgage customers were at the top of the political and media agenda in 2023.

UK Finance drove the consensus to implement the government's Mortgage Charter, which was signed by over 40 lenders, and in 3 weeks, we delivered a major mortgage support consumer campaign, Reach Out, which was publicly welcomed by the Chancellor. The campaign encourages people to contact their mortgage lender if they're worried, providing reassurance that lenders are ready to help. It is a large-scale above-the-line advertising campaign that has run across out-of home, radio, print, online and social media. The Reach Out campaign also produced UK Finance's first television advert.

Our data and market analysis supported our advocacy work and made the charter workable for lenders. As the economy begins to turn a corner, we will continue to provide robust data and expert insight to inform policy making.

> "I met the UK's principal mortgage lenders, alongside senior representatives from the Financial Conduct Authority and UK Finance, to agree new support for people struggling with their mortgage payments. At that meeting, I secured agreement from lenders to a new Mortgage Charter that sets out what support customers will receive."

Chancellor of the Exchequer, The Rt Hon Jeremy Hunt MP

Savings market

Similarly, the savings market is an area which received considerable attention from our stakeholders in 2023 in the context of the rising Bank Rate.

In 2023, we made the case that savings rates are determined by several factors, not just the Bank Rate, and are a commercial decision for individual firms. We highlighted that a key factor in determining a savings rate is whether someone wants instant access or can deposit money for a longer period of time.

We engaged closely with the Financial Conduct Authority (FCA) on their Cash Savings Review action plan, which aligned closely to UK Finance recommendations. These were focused on customer communications, higher standards for ISA switching and a new, commercialised use for Open Banking.

As a result of our advocacy, the introduction of price controls was rejected, which would have impacted competition and innovation in the market. Flexibility was retained for asset/liability pricing, minimising the impact on borrowers.

Access to cash

Cash usage has fallen in recent years as consumers have chosen to make greater use of other payment methods, such as contactless and mobile payments. Cash remains important for many people however, and our data shows it is the second most commonly used payment method after debit cards.

We have been at the centre of discussions around access to cash, highlighting the significant ongoing investment that is being made to deliver this commitment. We have been championing industry solutions such as shared banking hubs, free ATMs and cashback without purchase.

In 2023, we led the successful transition of Cash Access UK Limited away from UK Finance as it became fully independent and operational. This marked a major milestone in delivering a network of banking hubs across the country.

Our engagement on the Financial Services and Markets Act 2023 ensured access to cash provisions that were supported by industry and that HM Treasury's cash access policy statement aligned with the industry's 'Cash Action Group Framework'.

We forecast that by 2032, consumers' cash usage will halve, accounting for less than 7 per cent of payments. Throughout this transition, we will continue to ensure cash is available for those that wish to use it.

Access to finance

Interest rate rises and inflation haven't only affected personal finances, businesses of all shapes and sizes have faced difficulties in the last few years.

In July 2023, the Treasury Select Committee announced a wide-ranging inquiry into the financing of small and medium-sized enterprises (SME). We responded at pace to deliver a 45-page robust and evidenced submission following member engagement. We highlighted that SMEs are benefiting from a competitive, thriving market with our members willing to lend, while economic factors have weakened demand.

UK Finance led on the production of guides on access to finance for the agricultural, defence and security sectors. We also engaged extensively across a range of other sectors including hospitality, housebuilders and manufacturers.

We progressed our Charity and Community Banking Project in 2023, which will allow voluntary organisations to access tailored information on choosing, opening and maintaining a bank account. The resource will act as a hub for voluntary organisations to assist them with accessing banking. We also played a key role in the ministerial advisory board that informed the Investing in Women Code.

We also continued to manage the legacy of the Covid loan schemes and successfully advocated for an extension of the Recovery Loan Scheme on its existing terms but with a name change to reflect a move away from 'recovery' towards 'growth'.

We continue to work with stakeholders on challenges around access to finance, while highlighting the huge amount our members do to support SMEs across the UK.

Delivering a high growth economy

Laying the foundations for sustainable and inclusive economic growth across all the nations and regions of the UK was rightly central to the government's policy agenda in 2023. A thriving financial services sector is integral to making the country more prosperous. Our sector accounts for 10 per cent of GDP, employs over a million people in high quality, well paid jobs and contributes tens of billions in tax revenue each year.

The ongoing success of our sector and economy is not guaranteed for the future, therefore setting ourselves up for future success was a key priority for UK Finance in 2023.

Financial Services and Markets Act (FSMA)

Underpinning efforts to deliver a high growth economy is the Financial Services and Markets Act 2023. UK Finance played an important role in this Act; it marks a new era for the sector and sets new rules for the rulemakers. The Act paves the way for our regulatory standards to be tailored to the needs of UK firms and their customers, while supporting economic growth and our continued international competitiveness.

We advocated strongly for the Act to deliver for our members and their customers, including speaking regularly to government ministers and opposition frontbenchers. The Bill included:

- A secondary competitiveness objective for financial services regulators.
- Giving HM Treasury the powers to deal with Retained EU Law in financial services and enact the 'FSMA model'.
- Improving the UK's capital markets by making them more open and efficient, whilst setting the framework for a better listings regime.
- Working with industry to help provide appropriate access to cash.
- A provision to charge Claims Management Companies when bringing cases to the Financial Ombudsman Service.

The measures we advocated for will have a clear and evidenced impact on economic growth. The result of our advocacy will directly improve our ability to compete internationally.

Edinburgh Reforms

Another key development in the competitiveness agenda is the Chancellor's Edinburgh Reforms, which we worked closely on in 2023. The nearly 30 reforms are critical to ensuring the sector's competitiveness in the coming years and form a key part of the Government's wider economic growth agenda. They also represent the chance for a more balanced assessment of the level of risk needed to ensure our financial system can compete internationally.

This work is still underway but our calls for streamlining of the ringfencing regime, the development of a UK Consolidated Tape, a review of the Senior Managers and Certificate Regime (SMCR), and reform of the Consumer Credit Act and the Building Societies Act will all help improve the competitiveness of our economy.

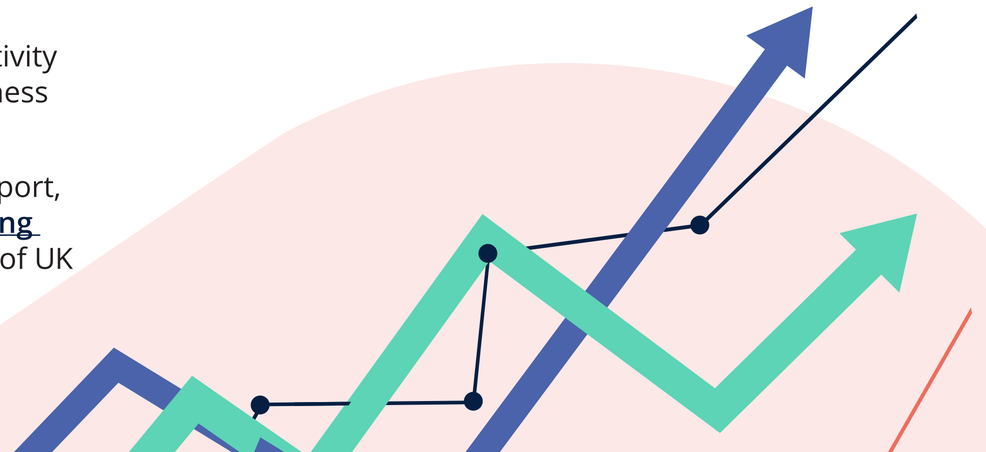
We have supported the progress made on the reforms in 2023 and will continue to advocate for the measures our members would like to see advanced in 2024.

Contributing to UK competitiveness

In 2023 we undertook a great deal of activity that has contributed to the competitiveness of the UK economy:

- We published a thought leadership report, UK Capital Markets: Building On Strong Foundations, on the competitiveness of UK capital markets which explored public policy solutions and provided material contribution to the UK competitiveness debate.
- We published a separate report, Unlocking the Power of Securities Tokenisation, on how the UK can lead digital transformation and consolidate its role as a global financial centre.
- We delivered on the government's wide-ranging capital markets reform agenda impacting primary and secondary markets, and the post-trade environment, addressing the large volume of regulatory change that has stemmed from the Wholesale Markets Review, UK Listings Review, as well as the Edinburgh Reforms. We have influenced policy direction on key reforms including the legal and regulatory framework for listings and prospectuses in the UK, investment research, consolidated tape, accelerated settlement, and post-trade transparency reporting.
- We responded to consultations on the effectiveness, scope and proportionality of the Senior Managers and Certification Regime (SMCR), the sustainability disclosure standards and regulation of Critical Third Parities (CTP).

Following our extensive advocacy on the negative impact on UK public listed companies and competitiveness, the government withdrew new draft reporting regulations and; the Financial Reporting Council significantly reduced the scope and promised a more targeted and proportionate reform of the UK Corporate Governance Code.



> "May I encourage my right hon. Friend to look at the report from UK Finance on the tokenisation of markets, as being the world leader in that innovative area would reduce costs for investors, enable money to flow into less liquid assets and fundamentally unlock future growth?"

The Rt Hon Vicky Ford MP

Prudential policy

In 2023 we advocated for proportionate prudential policy which supports stability but allow firms to remain competitive. Last year we:

- Successfully encouraged the deferral of Basel 3.1 implementation until mid-2025.
- Responded to the Prudential Regulation Authority's (PRA) consultation on implementing the Basel 3.1 standards in the UK to promote retention of the SME and infrastructure supporting factors, streamlining the Pillar 2 framework and supporting the proposed reduction of the alpha multiplier in the Standardised Approach for Counterparty Credit Risk to 1 for non-financial corporates and pension fund counterparties.
- Helped secure an increase to the threshold for 'simpler' firms to £20 billion and supported PRA's initial work on 'intermediate' firm regime.
- Advocated successfully for greater permeability of the ringfence through short term reforms. We continue to advocate for the ultimate removal of ring fencing given major banks are now judged resolvable by the Bank of England and the demonstration

of the resilience of the UK financial system through recent real life stress events.

- We engaged with PRA and the Basel Committee on Banking Standards on prudential regulation of crypto assets.

Tax

In 2023 we continued to call for a proportionate tax and compliance regime for the financial services sector. We delivered evidence-based advocacy on bank taxation, via the 2023 Total Tax Contribution report, which includes a comparison of bank tax rates in London and other international financial centres. We also successfully persuaded government to reverse legislation that would have introduced a 1.5 per cent charge on the issuance of UK shares into clearance or depository receipt services.

International affairs

UK Finance engages on numerous policy issues internationally. We joined industry in supporting the ground-breaking Berne Financial Services Agreement, which was signed in December 2023. We encouraged the government to replicate this type of agreement with other overseas financial centres.

Another key success for UK Finance in 2023 was the Overseas Persons Exclusion (OPE). We advocated for the UK to safeguard the benefits of the OPE during its three-year review and despite suggestions that it be changed, HM Treasury decided in late 2023 that it would not be making changes to it.

Preventing economic crime

Economic crime is a serious threat to the UK's national security and undermines consumer confidence, increases the costs of conducting business and impairs the competitiveness of the UK. UK Finance wants to ensure the UK is a safe place to do business, which requires cross-sector action, legal gateways to improve information sharing and a new systems leader to prioritise threats and direct regulations and resources. Keeping the financial system safe was a key focus for UK Finance in 2023.

Fraud Charter

While the financial services sector plays a critical role in preventing fraud, acting as the first line of defence against many forms of economic crime, it has been clear to us that other sectors need to play a stronger role in preventing fraud.

After several years of collaboration and negotiation, in 2023 UK Finance helped to secure commitment from 11 of the largest global tech companies for the Online Fraud Charter. The Home Office has recognised UK Finance's direct contribution to delivering the Charter, including advocacy, stakeholder engagement, as well as sharing data and recommendations on which the Charter has been built. This world leading development will bring in a raft of measures to help protect people from fraud and scam content and reduce fraud originating online.

In 2023 we changed the public narrative on fraud, with a media strategy focused on psychological harm, contributing to more positive coverage of the industry. We also played a key role in a number of legislative and policy changes in the battle against economic crime:

- We worked as part of a coalition which successfully expanded the scope of the Online Safety Act to tackle fraudulent advertising on social media and search engines.
- We led engagement between the private sector and government on the second Economic Crime Plan.
- We sponsored and drove an information sharing pilot within the Information Commissioner's Office (ICO) regulatory sandbox to enable firms to share information and advocated successfully for inclusion of information-sharing powers in the Economic Crime and Corporate Transparency (ECCT) Act 2023. We received written thanks from the Security Minister for this work.
- We successfully secured a number of important amendments to the Payment Systems Regulator's multiple consultations on the authorised push payment (APP) mandatory reimbursement requirement including an upper limit for reimbursement, and a time limit for claims and confirmation of scope.
- In 2023 the Vulnerable Victims Notification scheme expanded to include an additional 14 police forces (bringing the total to 22, plus National Trading Standards) and notified financial service providers of over 300 customer vulnerabilities with susceptibility to fraud. Almost half of the vulnerabilities notified by law enforcement were previously unknown to participating members. The success of this initiative led to a nomination for a Tackling Economic Crime Award.

> "Great to have @UKFtweets behind us for our campaign. Thanks for all the support! It's time to get tough on social media fraud"

Jessica Beard, Deputy Money Editor at the Daily Mail and The Mail on Sunday

Online advertising

The Online Advertising Taskforce Action Plan was published in 2023 which is a further success for UK Finance. The Plan reflects our calls to improve transparency and accountability within the online advertising supply chain. This was achieved through engagement with government, responding to multiple consultations and facilitating a number of roundtables with our members and government.

Dedicated Card and Payment Crime Unit (DCPCU)

Through UK Finance's partnership with the police, the sector-sponsored DCPCU, our operational police unit funded through members, saved an estimated £25.6 million of fraud, seized £1.5 million of assets, disrupted 10 organised crime groups, and secured 47 convictions (to August 2023).

Operation Elaborate

In 2023 the UK Finance Economic Crime team supported the Metropolitan Police Service on Operation Elaborate, the UK's largest ever proactive fraud operation. UK Finance is working closely with the police in identifying victims and providing evidence and which in 2023 helped in the arrests of has helped in the arrests of over 140 suspects.

Economic Crime Congress

We hosted stakeholders and members at the Economic Crime Congress, where the Home Secretary delivered the keynote speech launching the government's updated Economic Crime Plan – which relies closely on engagement with industry. With over 70 speakers and 600 delegates the event was a great success.

Campaigns

In 2023 we continued helping people and businesses protect themselves from fraud and scams through our Take Five to Stop Fraud campaign, reminding everyone to always stop and think before parting with their money or information.

We also raised awareness of money mules amongst young people with a new suite of school resources and lesson plans to educate and deter pupils from becoming mules as part of our Don't Be Fooled campaign.

> "UK Finance has published analysis that shows that 78% of APP fraud originates online and another 18% — especially high value —via telecoms. These companies face no reimbursement liability at all. Will the Government act to change that and make the telecoms and online companies liable?"

Liberal Democrat Lords Spokesperson (Treasury and Economy), The Rt Hon. the Baroness Kramer

Enabling digital innovation

The financial services sector is becoming increasingly digitised with innovative products and services providing more choice for consumers, with new players and technologies making significant inroads into the payments ecosystem. It is important that the UK develops its regulatory framework so that it can further enable digital innovation in financial services. We've been recommending UK authorities focus on Open Banking, Digital ID, the new payments architecture, the Real-Time Gross Settlement (RTGS) renewal program, and new digital assets and money (particularly Central Bank Digital Currencies (CBDCs)).

Artificial intelligence and quantum computing

Artificial intelligence (AI) technology captured the attention of the public and policy makers alike in 2023. It has the power to transform the way we operate in all walks of life, and financial services is no exception.

We published three reports on how AI and quantum computing could reshape the landscape of the UK's financial services sector, highlighting the risks and opportunities.

We also responded to the joint Bank of England and Financial Conduct Authority (FCA) discussion paper on artificial intelligence regulation, and to the government's white paper on the subject. We focussed on addressing gaps rather than creating duplicative new regulatory layers and pushed for international coordination between sectoral authorities.

We will continue to participate in this important area of policy development, leveraging the expertise of the sector through our AI Policy Committee and engaging with the wide range of interested stakeholders.

New digital assets and money

New digital assets were an area of focus for the industry and the regulators in 2023.

We led on developing the concept of a Regulated Liability Network (RLN) in the UK aimed at creating a new substrate for sovereign, regulated currencies that enables innovation around commercial bank money and is not just limited to central bank liabilities. We continue to secure alignment of the RLN and Bank of England digital pound experimentation phases, with the aim to build a working use case of the RLN concept that demonstrates the functional consistency of different forms of money in 2024.

We directly shaped the Bank of England and HM Treasury digital pound developments by securing a number of key considerations in its design, including the limits, impact on credit extension and use of infrastructure.

We shaped stablecoin and cryptoassets regulations through consultations and legislation and were invited to participate in the HM Treasury/FCA roundtables on cryptoassets over the summer.

Future of payments

As the industry continues its work on the future of payments, protecting customers and enhancing the payments journey will remain priorities for UK Finance. In 2023 we continued our work with government, regulators and members to keep our payments system safe, improve the UK market and deliver better outcomes for users.

In 2023 we developed a comprehensive Future Payments Delivery Roadmap, which was used to respond to Joe Garner's Future Payments Review and to inform the government's decision to review the New Payments Architecture. The final report fully reflected our views and asks.

We also established the industry Standards Engagement Forum for users of payments messaging standards and published our annual Payments Market Report, an analysis of recent and emerging developments for all forms of payments.

Open Banking and Open Finance

Open Banking and Open Finance both have the power to transform financial services, and we have been at the forefront of this important agenda. In 2023 we:

- Led on the industry's commercial approach and development of a framework for Variable Recurring Payments in the UK.
- Positioned ourselves as a key stakeholder in the Joint Regulatory Oversight Committees' activity on the future of open banking in the UK, leading the call for a Future Entity.
- Were appointed as a full member of the government's Smart Data Council and a partner of the Centre for Financial Innovation and Technology's Open Finance Coalition.
- Have been reviewing an Open Banking solution for Cash Savings.

Digital Innovation Summit

Collaboration was a key theme at UK Finance throughout the year, and it was the topic for our inaugural colleague conference in February 2023. Collaboration and partnerships resulted in some key successes in 2023. It has never been more important to bring together industry with policy makers on the theme of digital innovation.

We delivered our renewed flagship Digital Innovation Summit in October 2023, which had over 80 speakers and 500 delegates to promote the activities of the industry and our members in driving forward the future of finance. The agenda covered the latest developments in key areas such as data, digital technologies, digital payments as well as digital assets, and new money, and key cross-cutting issues such as fraud and economic crime.

Operational resilience

2023 was an important year for UK Finance's operational resilience workstream including preparations for the implementation of operational resilience policy statements required in 2025. UK Finance focus was on working with members and other stakeholders to identify and address common challenges, develop industry best practice, and shape the final regulatory framework in a way that ensured it was both practical and effective.

We were heavily involved in the Home Office led review of the now-aged primary legislation governing IT security breaches in the UK, the Computer Misuse Act 1990. We also supported the implementation and enhancement of the National Resilience Framework to align government and public sector risk considerations.

Driving industry collaboration was a key theme throughout our activity in 2023, and our Cross-Market Operational Resilience Group (CMORG) programme strengthened this. Our inaugural CMORG conference gave attendees the opportunity to explore enhancements to firm and sector resilience, and holds great promise in the future.

We developed guidelines with our members for the levelling-up of compensation in the event of a Certificateless Registry for Electronic Share Transfer (CREST) outage and provided input on the extension of the Clearing House Automated Payment System (CHAPS) settlement day and RTGS renewal.

Transitioning to net zero

The financial services industry is committed to helping the UK achieve its net zero targets and recognises it has a critical role to play in a just transition to a greener economy.

In 2023 we called for a robust and coherent, internationally aligned policy framework for all sectors of the economy to encourage green investment and reach net zero. We continued to help the financial services sector's green transition in a just, sustainable and achievable way.

Mobilising capital

We released Mobilising Capital for the Net Zero Transition, a policy briefing setting out key asks for government to incentivise the allocation of capital towards net zero objectives. Following extensive input from members, and with the support of our associate member Management Solutions, the paper sets out cross-cutting enablers critical to increasing the flow of capital to the low-carbon economy in the UK.

We have engaged with relevant stakeholders to ensure our recommendations are heard, and our ask for faster electricity grid development was included in the King's Speech. We will continue to advocate for further progress in 2024.

COP28

2023 was another critical year for international collaboration towards climate action and our Sustainability team attended COP28, alongside our Chair, Bob Wigley, and our Managing Director of Corporate Affairs and Strategic Policy, Sarah Boon.

We sought to progress our international advocacy asks including for greater international regulatory coherence, and to showcase UK financial services' climate action.

On Finance Day, alongside Non-Governmental Organisation (NGO) the Rocky Mountain Institute and several UK Finance members, we showcased the Transition Finance Alignment Forum which was established to help banks share knowledge in financing the decarbonisation of high-emitting sectors. We also hosted a panel on the role of banks in financing the real economy transition with the French Banking Federation.

Net Zero Homes

With UK homes among the least energy efficient in Europe, and the housing stock representing around 14 per cent of emissions, the scale of the challenge and the associated opportunity to green the housing stock is enormous.

In 2023, we continued to advocate for measures outlined in our report Net Zero Homes: Time for a Reset.

We demonstrated leadership in the campaign for improved energy efficiency when UK Finance CEO David Postings was nominated to join the government's Energy Efficiency Taskforce.

2023 also saw the launch of the Broker's Handbook by the Green Finance Institute, which supports mortgage intermediaries and home buyers in adopting home retrofit solutions. We played a key role in its development and believe it will help drive the transition to greater energy efficiency.

Our focus on this issue and our landmark report helped convince government to commit £1.8 billion to boost energy efficiency and cut emissions in homes in March 2023.

Key stakeholder engagement

We hosted:

- Chris Skidmore MP, author of the government's Net Zero Review, for a member roundtable on banking policy recommendations.
- The FCA and Bank of England's Climate Financial Risk Forum Symposium, with speakers including Deputy Governor, Sarah Breeden, and Aviva CEO, Amanda Blanc.
- The International Sustainability Standards Board (ISSB) as part of the launch of their major international reporting guidelines during London Climate Action Week.

We worked:

- with regulators and the government to progress the adoption of ISSB standards in the UK by convening HM Treasury, the Department for Business and Trade, the FCA, the Bank of England, the Financial Reporting Council alongside an ISSB board member and UK Finance members to present the case for alignment.

We built:

- relationships across all political parties to prepare for intensified advocacy ahead of the expected 2024 General Election.

Results and performance

Taking an evidence-based approach is at the heart of everything UK Finance does. A key performance indicator by which we measure our performance is member engagement, which is monitored through an annual survey of our members.

The survey is conducted to ensure that our governance structure is providing a fair representation and voice to our diverse membership, and to find out if we are focused on the issues and outcomes that are a priority to our membership.

Our latest annual member survey was conducted in September 2023. We listen closely to our members, and this year's survey provided a wealth of feedback on issues such as overall member satisfaction and the standard of UK Finance's external engagement.

We received 332 responses representing 171 different member organisations, with responses from 23 per cent of our members' CEOs. This wide-ranging response reflects the high level of engagement between UK Finance and our members and the time and attention that we devote to building and maintaining those relationships.

Importantly, members have also given UK Finance an even higher rating against our KPIs than in previous years.

- 98 per cent of members positively rate UK Finance's performance at building and maintaining effective relationships with regulators and policymakers. This enables UK Finance to work effectively on behalf of our members, with 96 per cent providing positive feedback about our performance in advancing the interests of our members and stakeholders.
- UK Finance places a high priority on building strong working relationships with our members, and this is reflected in overwhelmingly positive feedback about both the management of membership (96 per cent positive feedback) and the strength and depth of relationships between members and UK Finance (95 per cent positive feedback).
- UK Finance is rated as an effective organisation by 97 per cent of members, and 98 per cent state that UK Finance has a positive influence on relevant policy and regulatory issues.
- UK Finance's expertise and understanding of the issues facing our members is without question, with 98 per cent positive feedback. Further, 98 per cent of members feel that UK Finance is moving in a positive direction.
- Members value the events and training provided by UK Finance, with 98 per cent saying that our events and conferences are interesting and relevant, and 96 per cent saying that our education and training courses are interesting and relevant.
- Members are satisfied with UK Finance's stakeholder engagement on their behalf, with 96 per cent positive feedback.

UK Finance measures its financial performance using the key performance measures of net income, net surplus, balance sheet strength and longer-term financial resilience as measured by net asset position. In line with our plan, we reported a profit in 2023. As a result, our deficit has reduced by £2,619k in 2023 to stand at £1,503k at 31 December 2023, as we continue our trajectory towards eliminating the deficit in net assets in line with our longer-term financial plan.

98% of members positively rate UK Finance's performance at building and maintaining effective relationships with regulators and policymakers.

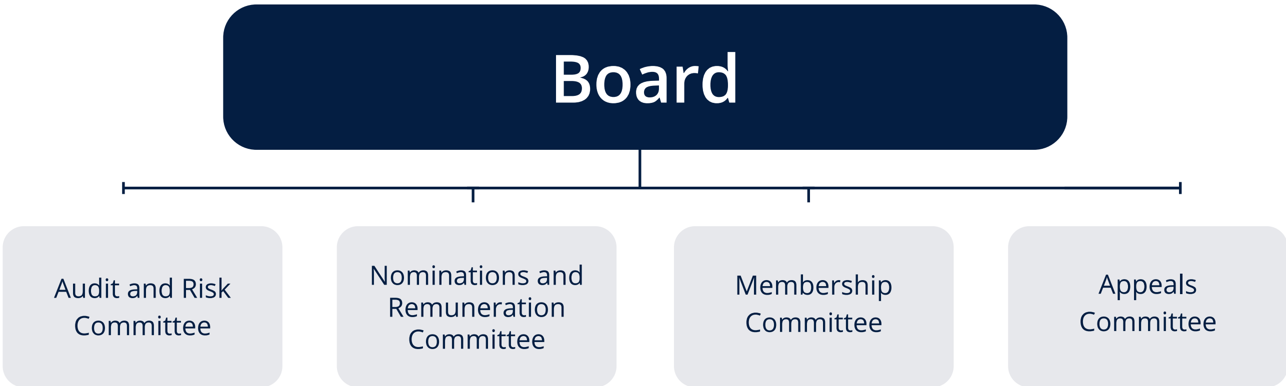
97% of members rate UK Finance as an effective organisation.

98% of members state that UK Finance has a positive influence on relevant policy and regulatory issues.

96% of members say that our events and conferences are interesting and relevant.

Corporate governance

Our corporate governance has been developed to ensure effective management of the organisation and its priorities, within budget and ensuring member value, in line with the performance expectations through the defined key performance indicators. The Board and the committees of the Board structure are as shown below.



Board

The UK Finance Board leads key strategic, industry-wide issues and has responsibility for the overall approach to promoting the industry's reputation and building customer trust. The Board focuses on the breadth of issues across the financial services sector including ethics, financial inclusion, financial fraud and economic crime, access to markets and diversity.

The composition of UK Finance's Board has been developed to ensure fair and diverse representation across our membership, and ensures the consumer voice is represented via the inclusion of a strong, independent consumer champion.

The Board is the ultimate decision-making body of UK Finance, responsible for setting its strategy, culture, objectives, budget and brand. It has responsibility to ensure that all members have their interests fairly and properly represented.

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee (ARC) has been established by the Board in line with good corporate governance to oversee aspects relating to the internal control, financial and risk management of the Company.

Committee membership

- Anne Marie Verstraeten (Chair from 13/07/2023, retired on 13/02/2024)
- Richard Fearon (appointed to the Committee on 01/07/2023 and appointed Committee Chair from 13/2/2024)
- Bob Wigley
- Miles Celic
- John Hourican
- Steve Hughes (Committee Chair until retirement on 07/05/2023)
- Ruth Leas (retired 07/05/2023)

Nominations and Remuneration Committee

The Committee leads and advises the Board on matters relating to Board governance, the company's approach to remuneration and the appointment and remuneration of senior staff. It leads and advises the Board on the appointment of the Chair, CEO and Non-Executive Directors of UK Finance and the overall process for appointments. It sets the remuneration policy for the Chair, CEO and all senior management (Managing Directors (MDs) and Directors of UK Finance). It also reviews and advises on the Board's governance, composition and mechanisms to review the effectiveness of the Board in order to promote high standards of governance in line with established best practice where relevant.

Committee membership

- David Duffy (Committee Chair)
- Tiina Lee
- Bob Wigley

Membership Committee

The Membership Committee has been established, in line with our Articles of Association, to fairly consider applications for membership that could not be approved by the Membership Officer. The Committee approves and oversees the processes for expelling members, where this might be necessary.

Committee Membership

- Bob Wigley (Committee Chair)
- Kelly Devine
- David Postings

Appeals Committee

The Appeals Committee has been established, in line with our Articles of Association, to manage any appeals against a decision made by the Membership Committee to reject an application for membership or to expel existing members. Since inception, there has not been a need for this Committee to meet.

Committee Membership

- David Duffy (Committee Chair)
- Vicky Davies
- Matt Hammerstein

Executive Committee

The Executive Committee (ExCo) is the senior internal decision-making body and is led by the CEO. It is responsible for leading and overseeing the implementation of the vision, values, strategy and activities of UK Finance, including delivery of business plans and financial targets in line with the Board's strategic direction.

The Executive Committee also manages the operations, performance, risk mitigation, resource allocation and financial position (including revenue generation) of the organisation within a strategic framework set by the Board, reporting to the Board as appropriate.

Members of the Executive Committee

- David Postings, CEO (Chair)
- Sarah Boon, MD, Corporate Affairs & Strategic Policy
- Julie Carruthers, MD, Membership & Strategic Partnerships
- Ben Donaldson, MD, Economic Crime
- Alastair Gilmartin Smith, MD, Chief Operating Officer
- Conor Lawlor, MD, Capital Markets and Wholesale
- Eric Leenders, MD, Personal Finance
- Jana Mackintosh, MD, Payments, Innovation and Resilience
- David Raw, MD, Commercial Finance

Four Committees report to the Executive Committee:

- Policy Committee provides challenge, guidance and approval of strategic policy initiatives to ensure that they best support members' desired outcomes and are prioritised and risk assessed appropriately.
- Operational Committee provides oversight of operational initiatives and programmes across the business including monitoring compliance, operational performance, risk management and assurance and also supports the development of efficient and effective business activities.
- Business Continuity Committee maintains and tests the emergency response and business continuity plans for UK Finance and is responsible for enacting the plans to manage any events or incidents that impact UK Finance.
- Project and Risk Oversight Forum's role is to oversee the project portfolio at UK Finance and monitor the operational and organisational risks of project related activity undertaken or coordinated by UK Finance either internally or on behalf of members.

Risk management

Risk management framework

UK Finance actively manages risk, engaging with the Board and its Committees. The Board has overall responsibility for monitoring the effectiveness of UK Finance's internal control and receives regular reports from the Audit and Risk Committee. The Board considers the strategic risk register, following its review by the Executive Committe and the Audit and Risk Committee. The Board is also responsible for setting the organisation's risk appetite, which is formally reviewed at least once a year.

The Audit and Risk Committee advises the Board on the adequacy of UK Finance's risk management policies and procedures, the extent to which they are applied, and the reliability and integrity of assurances. Assurances are provided by the work of external and internal audit, regular reviews by the Head of Risk & Assurance, annual assurance statements from Executive Committee members, and regular reports provided to the Audit and Risk Committee on significant risks. The Executive Committee regularly review, challenge and assess the risks faced by UK Finance in achieving its objectives.

To ensure that our risk management framework is effective and aligned to the requirements of the organisation, a review of our risk management framework is undertaken periodically by management and as part of the internal audit plan. The recommendations that emerge from the reviews form part of an ongoing programme to improve our risk management framework.

UK Finance adopts the three lines of defence model: the first line of defence is the operational procedures and controls within the business, second line oversight is provided by the Risk & Assurance team and the third line of defence is the independent assurance and audits completed by Internal Audit. UK Finance's risk management policies and procedures clearly define its approach to risk management, as well as identifying specific risk management roles, accountabilities and responsibilities across the organisation and the three lines of defence.

UK Finance's strategic risk register is reviewed quarterly by the Executive Committee and the Audit and Risk Committee, and regularly by the Board. During the past year, the strategic risk register has continued to evolve, to enable the Executive Committee to focus on the key risks that might undermine the delivery of the organisation's objectives, and their mitigating actions.

Departmental level and project risks are reviewed by the Managing Directors, their senior management teams and the Head of Risk and Assurance at least quarterly and escalated to the strategic risk register where appropriate.

Senior managers are responsible for ensuring that colleagues have the appropriate skill levels to identify, assess and manage risk in line with UK Finance's policy to embed and support a culture of well-managed risk. In support of senior managers' role in championing the risk process, the Head of Risk & Assurance works across all areas of the organisation to promote and integrate the risk management process and to support and inform colleagues.

Principal risks and uncertainties

The table below details the principal risks and uncertainties that UK Finance is currently facing. UK Finance actively manages mitigating actions to control these and other risks.

Type	Principal risk description
Financial viability	We are unable to demonstrate ongoing financially viability to allow us to deliver on our strategy and obligations to members and other stakeholders in the long term.
Loss of key members	Individual key members leave, fully or from specific streams, if they believe that UK Finance is not able to deliver the value that they expect.
Security (including information security, cyber security, physical security)	We lose trust of a key stakeholder and we suffer losses because we fail to protect members/stakeholders' data or because of a cyber attack. We fail to protect colleagues, members, visitors, hardware, software and data from physical actors (i.e. protests) and events that could cause serious loss or damage to UK Finance.
Operational resilience breakdown	We lose trust of our members or other stakeholders because we have prominent operational failures caused by internal or critical third-party system failure, financial failure of critical third-parties, or of member-facing platforms or systems/ services that are visible to other stakeholders.
Loss of confidence and trust of a key public sector stakeholder	A key public sector stakeholder stops engaging with us because they either do not see us as fulfilling our purpose or have lost confidence in us as an organisation.
Loss of our ability to represent the full range of industry segments	A significant segment of members leave, fully or from specific streams, to join a rival trade association or to form a new one, or we fail to attract a new industry segment, either because they want greater focus on their business type or do not believe UK Finance can deliver the value for money that they expect.
Competition law breach	We, or our members, are found to have breached competition law through an initiative that we control.
Conflicts of interest and unfair advantage	We lose stakeholder trust because a member or associate is seen as conflicted, or unfairly advantaged in their engagement in an initiative we control.

As the majority of income is paid in advance as annual membership fees by members, the Company is not materially exposed to credit, liquidity or cash flow risks and the Company, therefore, does not use financial instruments to manage financial risk.

04 Directors' report

The Directors present their report on the affairs of UK Finance Limited together with the financial statements and auditor’s report, for the year ending on 31 December 2023.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Details of the directors can be found in the officers and professional advisers section on page 8.

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements 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; and
- 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.

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

Directors' duties

Information regarding directors' duties can be found in the Strategic report section on page 12.

Directors' indemnities

The Company has qualifying third-party indemnity provisions for the benefit of its directors which were in force during the period and remain in force at the date of this report.

Directors' confirmations

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Principal activity

UK Finance Limited is a company limited by guarantee. Our primary purpose is to make representations to Government in respect of its members interests. In doing so, we work for and on behalf of our members to promote a safe, transparent and innovative banking and finance industry.

Political donations and political expenditure

UK Finance made no political donations and incurred no political expenditure in the year ending 31 December 2023 or for the year ending 31 December 2022.

Going concern

As at the balance sheet date UK Finance has accumulated losses of £1.5m (2022: £4.1m), the reduction due to the reported surplus in 2023. In late 2023 the Board reviewed and approved a fully evaluated budget for 2024. It has also reviewed longer-term high-level projections which demonstrate that the underlying activities of UK Finance should be profitable over the course of the plan and generate ongoing surpluses to repay the liabilities and, over time, achieve a net asset position. The projections include an appropriate level of conservatism/prudence.

After considering the above, the directors are satisfied that the Company has sufficient liquidity to meet obligations as they fall due for at least one year from the date the financial statements are approved, and that UK Finance will continue to operate as a going concern.

Approved by the Board and signed on its behalf on 2 May 2024 by:

David Postings
Director and Chief Executive Officer

05

Independent auditor's report to the members of UK Finance Limited

Independent auditor's report to the members of UK Finance Limited

Opinion

We have audited the financial statements of UK Finance Limited (the 'company') for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement the Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2023 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- Certain disclosures of directors' Cemuneration 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 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- Obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework.
- Inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.
- Discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, reviewing tax computations, and considering advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities where relevant.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied.

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

Use of our report

This report is made solely to the company's 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.

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP,
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

3 May 2024

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Financial Statements

Profit and loss account

For the year ended 31 December 2023

	Note	31-Dec-23	31-Dec-22
		£	£
Revenue	3	59,225,817	51,127,530
Cost of sales		(4,380,821)	(2,553,143)
Gross profit		54,844,996	48,574,387
Administrative expenses	4	(25,901,767)	(22,422,894)
Staff costs	5	(27,030,893)	(24,126,870)
Operating profit		1,912,336	2,024,623
Interest receivable and similar income	7	698,555	60,119
Interest payable and similar expenses	8	(49,500)	(121,120)
Profit before taxation	9	2,561,391	1,963,622
Taxation	10	58,000	447,649
Profit for the year		**2,619,391**	**2,411,271**

Other comprehensive income

There were no items of other comprehensive income in the period (2022: Nil).

Balance sheet

As at 31 December 2023

	Note	31-Dec-23	31-Dec-22
		£	£
Fixed assets			
Intangible assets	11	3,472,440	4,656,698
Tangible assets	12	2,440,312	2,667,356
		5,912,752	7,324,054
Current assets			
Debtors due within one year	13	33,091,351	34,023,658
Cash at bank		6,716,091	6,160,197
		39,807,442	40,183,855
Total assets		45,720,194	47,507,909
Liabilities			
Creditors: amounts due within one year	14	(44,233,699)	(48,726,194)
Total assets less current liabilities		1,486,495	(1,218,285)
Creditors: amounts due after more than one year	15	(2,051,036)	(1,965,647)
Provisions for liabilities	16	(938,300)	(938,300)
Net assets		**(1,502,841)**	**(4,122,232)**
Capital and reserves			
Accumulated fund	17	**(1,502,841)**	**(4,122,232)**

The financial statements of UK Finance Limited, registered number 10250295, were approved by the board of directors and authorised for issue on 2 May 2024. They were signed on its behalf by:

David Postings
Director and Chief Executive Officer

Cash flow statement

For the year ended 31 December 2023

	31-Dec-23	31-Dec-22
	£	£
Cash flows from operating activities		
Profit on ordinary activities before taxation	2,561,391	1,963,622
Taxation receipts	-	147,649
Depreciation and amortisation	1,487,009	1,529,028
Impairment of assets	490,459	-
Loss on disposal of tangible assets	-	161,877
Loss on disposal of intangible assets	-	32,773
Interest paid	47,000	144,903
Interest received	(698,555)	(60,119)
Decrease/(increase) in trade and other receivables	990,307	(3,681,021)
(Decrease)/increase in trade and other payables	(4,407,106)	7,006,262
Net cash inflow from operating activities	**470,505**	**7,244,974**
Cash flows from investing activities		
Purchase of property, plant and equipment	(109,726)	(262,821)
Purchase of intangible assets	(456,440)	(389,930)
Net cash outflow from investing activities	**(566,166)**	**(652,751)**
Cash flows from financing activities		
Interest paid	(47,000)	(144,903)
Interest received	698,555	60,119
Term loan repayments	-	(5,506,433)
Net cash inflow/(outflow) from financing activities	**651,555**	**(5,591,217)**
Increase in cash and cash equivalents	**555,894**	**1,001,006**
Cash and cash equivalents at beginning of the year	**6,160,197**	**5,159,191**
Increase in cash and cash equivalents	555,894	1,001,006
Cash and cash equivalents at end of the year	**6,716,091**	**6,160,197**

Statement of changes in equity

For the year ended 31 December 2023

	31-Dec-23	31-Dec-22
	£	£
At start of year	(4,122,232)	(6,533,503)
Profit for the year	2,619,391	2,411,271
	(1,502,841)	(4,122,232)
At end of year	**(1,502,841)**	**(4,122,232)**

Notes to the financial statements

For the year ended 31 December 2023

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

a. General information and basis of accounting

UK Finance Limited is a private Company limited by guarantee incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 9.

This accounting period runs from 1 January 2023 to 31 December 2023, with comparatives for the year ended 31 December 2022.

The principal activity of the Company and the nature of the Company's operations are set out in the Directors' report on page 40 and the Strategic report on pages 11 to 39, respectively.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The functional currency of UK Finance is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting. As at the balance sheet date UK Finance has accumulated losses of £1.5m (2022: £4.1m), this improvement being driven by the surplus in the year.

- UK Finance was created in response to the proposed consolidation set out by The Financial Services Trade Associations Review (FSTAR), which was set up by a steering committee of major UK banks and a building society. UK Finance also has the support of its other members who comprise a broad network of over 300 financial institutions.
- UK Finance has a revolving credit facility with Barclays Bank PLC in the amount of £5.0m, which was undrawn as at 31 December 2023.
- The Board has reviewed and approved a fully evaluated budget for 2024. The Board also reviewed and approved the projections which indicate that during 2025-27, the period covered by the longer-term plan, UK Finance is both profitable and cash generative, which should, over time, fully mitigate the net liabilities position and ultimately build up reserves.

After considering the above, the directors are satisfied that the Company has sufficient liquidity to meet obligations as they fall due for at least one year from the date the financial statements are approved, and that UK Finance will continue to operate as a going concern.

c. Intangible fixed assets

Commercial business activities

The commercial business activities acquired from the legacy trade associations are capitalised and stated at cost less accumulated amortisation, over a period of ten years, and less impairment losses.

Brands and trademarks

Separately acquired brand and trademarks are included at cost and amortised in equal annual instalments over a period of five years which is their useful economic life. Provision is made for impairment.

Websites

Acquired websites are included at cost and amortised in equal annual instalments over a period of five years which is their useful economic life. Provision is made for impairment.

Fraud intelligence systems

Separately acquired fraud intelligence systems are included at cost and amortised in equal annual instalments over a period of five years which is their useful economic life. Provision is made for impairment.

Amortisation

Amortisation is charged to the profit and loss on a straight-line basis over the lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives as follows:

- Acquisition of commercial business activities - 10 years
- Brands and trademarks - 5 years
- Websites - 5 years
- Acquisition of fraud intelligence systems - 5 years

d. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold land and buildings - 15 years
- Fixtures and fittings - 5 years
- Software systems - 5 years
- Computer equipment - 3 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified 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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. For the purpose of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of the cash-generating unit (CGU), the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Research and development expenditure is charged to the income statement in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset are met. Any claim for tax credits are recognised after the submission of the claim to the relevant authorities.

i. Revenue

Revenue is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Where a contract has only been partially completed at the balance sheet date revenue represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. Pro bono activities

Services received from associate members on a pro bono basis are recognised within commercial income at the fair value of the services provided as determined by the third parties, with an equivalent amount recognised within cost of sales.

k. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

m. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the financial statements the Directors have made the following judgements:

- Determining whether there are indicators of impairments of the Company's intangible fixed assets. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability, and expected future performance of that unit.
- Determining whether there are indicators of issues with the recoverability of the Company's trade debtors. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the customer and valuation of assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, are those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial are discussed below.

Impairment of intangible assets

The company determines the recoverable amount of its intangible assets by reference to their value-in-use, assessed using discounted cash flow models. There is judgement in determining the assumptions that are considered to be reasonable, in particular the timing of cash flows and the discount rate to be applied.

3. Revenue

An analysis of revenue by class of business is as follows:

	31-Dec-23 £	31-Dec-22 £
Subscriptions invoiced to members	41,098,866	35,802,007
Commercial income	4,978,738	4,407,589
Pro bono services	3,155,910	1,640,578
Other income	9,992,303	9,277,356
	59,225,817	**51,127,530**

Pro bono services relate to activities received from associate members. Cost of sales has been grossed up by an equivalent amount.

Other income principally represents charges to members for activities that fall outside of the core membership offerings.

4. Administrative expenses

An analysis of revenue by class of business is as follows:

	31-Dec-23 £	31-Dec-22 £
Professional & consultancy	8,662,294	6,148,567
Occupancy	2,857,302	2,621,757
Data management and research cost	4,816,594	4,644,458
General & admin expenses	4,594,255	4,605,137
Information technology	2,645,572	2,777,534
Member & external relations cost	1,348,239	772,461
Publications and subscriptions to other trading bodies	558,395	509,028
Travel and expenses	419,116	343,952
	25,901,767	**22,422,894**

5. Staff costs and numbers

Staff costs, including directors' remuneration, were as follows:

	31-Dec-23 £	31-Dec-22 £
Salaries and benefits	22,083,451	19,685,545
Social security costs	2,668,226	2,439,677
Pension costs	2,279,216	2,001,648
	27,030,893	**24,126,870**

The average monthly number of employees, including directors, during the year was as follows:

	31-Dec-23	31-Dec-22
Administrative staff	248	227

6. Directors' remuneration

	31-Dec-23 £	31-Dec-22 £
Remuneration (including benefits in kind)	1,544,308	1,468,500

The remuneration of the highest paid director was £1,157,308 (2022: £1,081,500).

7. Interest receivable and similar income

	31-Dec-23	31-Dec-22
	£	£
Interest receivable	698,555	60,119

8. Interest payable and similar expenses

	31-Dec-23	31-Dec-22
	£	£
Interest payable	49,500	121,120

9. Profit before taxation

Profit before taxation is stated after charging:

	31-Dec-23	31-Dec-22
	£	£
Operating lease rentals in respect of land and buildings	1,578,497	1,543,893
Depreciation of tangible assets	336,770	442,298
Amortisation of intangible assets	1,150,239	1,086,730
Losses on disposal of fixed assets	490,459	194,650
Bad and doubtful debt	154	48
Foreign exchange loss	4,372	4,566
Auditor's remuneration:		
- Statutory audit fees	49,850	47,000
- Tax compliance services	9,950	9,400
- Tax advisory services	41,750	20,050

10. Taxation

	31-Dec-23	31-Dec-22
	£	£
Current tax on profits for the year	-	-
Adjustments in respect of prior periods	-	(147,649)
Total current tax	-	(147,649)
Deferred tax credit	(58,000)	(300,000)
Total deferred tax	(58,000)	(300,000)
Total tax credit	(58,000)	(447,649)

The differences between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Profit before tax	2,561,391	1,963,622
Tax on profit at standard UK corporation tax rate of 23.52% (2022: 19%)	602,453	373,088
Effects of:		
Expenses not deductible for tax purposes	40,262	18,041
Depreciation in excess of capital allowances	66,373	127,728
Short term timing differences	(11,035)	(1,837)
Tax losses surrendered for R&D credits	-	(147,649)
Profit on disposals of fixed assets	-	(570)
Utilisation of tax losses not previously recognised	(698,053)	(516,450)
Deferred tax movement	(58,000)	(300,000)
Total tax credit for year	(58,000)	(447,649)

11. Intangible fixed assets

	Commercial business activities	Secure information systems	Other IT Platforms	Total
	£	£	£	£
Cost:				
At 31 December 2022	8,307,800	2,073,463	675,070	11,056,333
Additions	-	-	456,440	456,440
Disposals	-	(1,230,869)	-	(1,230,869)
At 31 December 2023	8,307,800	842,594	1,131,510	10,281,904
Amortisation				
At 31 December 2022	5,273,150	843,359	283,126	6,399,635
Charge for the year	674,367	232,782	243,090	1,150,239
Impairment losses	-	(740,410)	-	(740,410)
At 31 December 2023	5,947,517	335,731	526,216	6,809,464
Carrying amount				
At 31 December 2022	3,034,650	1,230,104	391,944	4,656,698
At 31 December 2023	2,360,283	506,863	605,294	3,472,440

Commercial business activities comprise the associate membership, events, training and other commercial revenue streams from the old trade associations. Secure information systems include fraud intelligence systems and other secure information sharing platforms. Other IT Platforms include non-commercial IT platforms including the Company website and CRM system. Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated as a realised loss.

Intangible assets are assessed annually and impaired where their determined recoverable amount is less than their book value.

Within commercial business activities, the cash flows of certain revenue streams are separately identifiable and have been tested for impairment as individual Cash Generating Units (CGUs). The value in use methodology has been used to estimate the recoverable amount, as fair value less cost to sell cannot be readily determined. Valuation models are based on the current budget and the longer-term financial plan. Management has determined an appropriate discount rate for each CGU via an analysis of the relevant Weighted Average Cost of Capital (WACC) and this discount rate is used in calculating the present value of cash flows over the estimate life of the asset. Following this assessment, no impairment was deemed necessary. Within secure information systems, during 2023 management took the decision to replace some of the secure information sharing platforms. As a consequence a net impairment of £490k was recorded to write them down to a zero carrying amount.

12. Tangible fixed assets

	Leasehold improvements	Fixtures & Fittings	IT equipment & software	Total
	£	£	£	£
Cost				
At 31 December 2022	2,860,913	2,195,758	1,311,075	6,367,746
Additions	-	73,257	36,469	109,726
At 31 December 2023	2,860,913	2,269,015	1,347,544	6,477,472
Depreciation				
At 31 December 2022	1,062,719	1,326,596	1,311,075	3,700,390
Charge for the year	193,230	143,540	-	336,770
At 31 December 2023	1,255,949	1,470,136	1,311,075	4,037,160
Carrying amount				
At 31 December 2022	1,798,194	869,162	-	2,667,356
At 31 December 2023	1,604,964	798,879	36,469	2,440,312

Fixtures & Fittings include £938,300 relating to the dilapidations assessment and included as part of the cost of that asset in accordance with FRS 102.17.10. The corresponding liability is included within provisions for liabilities (Note 16).

13. Debtors

	31-Dec-23	31-Dec-22
Amounts falling due within one year:	£	£
Trade debtors	28,954,657	31,518,202
Prepayments and accrued income	2,690,857	2,204,976
Deferred tax asset	358,000	300,000
Other debtors	1,087,837	480
	33,091,351	**34,023,658**

14. Creditors: amounts due within one year

	31-Dec-23	31-Dec-22
	£	£
Trade creditors	2,212,265	1,004,274
Other taxation and social security	707,639	995,103
Accruals	6,673,339	7,477,598
Deferred income	32,429,732	33,785,171
Other creditors	2,210,724	5,464,048
	44,233,699	**48,726,194**

Deferred income principally relates to annual memberships invoiced in advance.

15. Creditors: amounts due after more than one year

	31-Dec-23	31-Dec-22
	£	£
Other long term creditors	2,051,036	1,965,647
	2,051,036	**1,965,647**

Other long-term creditors comprise deferred rent on 1 Angel Court.

16. Provisions for liabilities

	Dilapidations	Total
	£	£
At 31 December 2022	983,300	983,300
Provided in the year	-	-
At 31 December 2023	**983,300**	**983,300**
At 31 December 2021	853,000	853,000
Provided in the year	85,300	85,300
At 31 December 2022	**938,300**	**938,300**

As part of the Company's property leasing arrangements there is an obligation to return property to an agreed condition at the end of the lease. The estimated cost of returning the property to the agreed condition is shown above. In accordance with FRS 102.17.10, where a provision is recognised that relates to a specific asset, it is treated as a decommissioning cost and also included as part of the cost of that asset.

17. Accumulated fund

As the Company is limited by guarantee, the accumulated fund represents cumulative losses and total recognised gains or losses made by the Company.

18. Operating lease commitments

At the reporting end date, the Company had outstanding commitments for the future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	Land and buildings
	31-Dec-23	31-Dec-22
Operating leases which expire:	£	£
Within one year	1,477,350	1,477,350
Within two to five years	5,909,400	5,909,400
After five years	4,908,354	6,385,704
	12,295,104	**13,772,454**