UK Finance Limited

Annual Report and Financial Statements

1 January to 31 December 2021

Company no.
10250295

UK Finance is the collective voice for the banking and finance industry. Representing about 300 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

OUR PURPOSE

Enabling the banking and finance industry to thrive.

OUR CORPORATE OBJECTIVES

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

OUR VALUES

- **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.

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UK FINANCE

Chief Executive's foreword

Throughout 2021 the financial services industry continued to provide extensive support to customers as the recovery from the pandemic gathered pace. 2022 is shaping up to be an even more challenging year.

As I write this (March 2022) the situation in Ukraine and beyond its borders continues to worsen. UK Finance and our members have been supporting the government in delivering its programme of sanctions in response to Russia's invasion and we are a partner to the Disasters Emergency Committee who have launched an important appeal to raise money to help Ukraine and its people. The impact on inflation in fuel prices and food, and the resulting pressure on individuals, is likely to be very significant.

At the start of 2021, I initiated work to refresh UK Finance's strategy focusing on further integration of the organisation, better defining our scope of our activity, and rationalising our membership governance structure. UK Finance is working towards achieving financial resilience while enhancing the quality of services we provide. I am pleased to say that positive progress is being made on all fronts.

I have focused on building a genuine team feeling and we are now working in a more joined up, collaborative way, not just internally but also with key stakeholders too. It is this collaborative approach which I believe will build trust with those with whom we deal and deliver most benefit for our members. The results of our latest annual member survey show that 98 percent positively rate UK Finance's performance at advancing the interests of our members and stakeholders. Engagement with regulators was seen as a key strength and our positive, working relationship with them was a key enabler of our success during the year.

Our programme of training expanded in 2021 and our events were well received despite largely being online. We did host a small number of in-person events once COVID-19 restrictions allowed. A particular highlight was our Annual Dinner where over 400 guests, representing the full breadth of our membership, came together on 23 November. This was kindly sponsored by EY. We were joined on the night by John Glen MP, the Economic Secretary to the Treasury who spoke on a range of topics including the importance of delivering a competitive environment for banking and finance in the UK post Brexit.

Competitiveness was, and remains, a key theme of our work as the UK seeks to establish its position in a post-Brexit world. The work we did last year on bank taxation was particularly notable. The report that we produced jointly with PwC was a key part of the data HM Treasury used to assess its approach to the bank surcharge. The subsequent reduction announced by the Chancellor of the Exchequer in the Spring Statement was very welcome, however, there is more to do on taxation and regulation if the UK is to be truly competitive globally.

Regulation is a key facet of competitiveness and the close cooperation between UK Finance, our membership and government on the reform of the UK's wholesale markets has been especially positive. The establishment of the MiFID Strategic Committee to consider HMT's Wholesale Markets Review played a key role in the government's ultimate response to the Review in early March 2022. It was pleasing to see it reflected many of the key positions and recommendations put forward by UK Finance members.

A personal highlight for me during 2021 was the rapid and ground-breaking progress we made on Access to Cash. It is an issue I decided to try and address in April, shortly after I took up the role of Chief Executive. We brought together banks, the Post Office, Link as well as involving regulators and government. I am absolutely delighted that by the end of the year we had a long-term flexible way forward in place to protect cash access for the most vulnerable. Natalie Ceeney's tireless efforts as Chair of the Cash Action Group made a huge difference. This once again reinforced the value of our collaborative approach.

Another example of our close collaborative relationships with external stakeholders yielding positive results is the work we do around combating the increase in fraud. People now recognise that fraud often has its roots in social media and technology. We successfully argued for the Online Safety Bill to include online advertising and we strongly welcome the government's announcement that it will now include fraudulent adverts on social media and search engines. We also brought together the banking and technology sectors under the new Online Fraud Steering Group, which is already seeing positive results. These include the technology companies pledging $1 million of advertising credits to our Take Five to Stop Fraud campaign.

In addition to tackling the root cause of fraud, the Dedicated Card and Payment Crime Unit (DCPCU), which is funded by the banking industry, prevented a record £101 million of fraud, disrupted 41 organised crime groups, arrested 123 suspected criminals, and secured 83 convictions during 2021. Much of this is down to increased collaboration with telcos and other partners, underlining the importance of a multi-stakeholder approach.

UK Finance continued to play a pivotal role in coordinating the industry's ongoing response to the COVID-19 pandemic. For 18 months, UK Finance has led industry efforts to support businesses coping with the economic repercussions of the pandemic, including delivering the COVID-19 lending schemes which have seen more than 1.6 million businesses receive over £79 billion in financing. Throughout this pandemic, the public has looked to the banking and finance sector to step in, and I believe the industry has risen to the challenge.

We helped the banking and finance industry play a key role in supporting a sustainable future as firms embed climate risk and green finance into the heart of their business models. The COP26 summit in Glasgow provided a crucial opportunity for heads of state, climate experts and campaigners to agree significant coordinated action to tackle climate change and the industry played a key part in this. To coincide with the summit, we published our COP26 and Beyond report and I hosted a panel session within the Green Horizon Summit discussing what sustainable banking commitments should mean in real economy terms and the need for a just and orderly net zero transition. This is something I will continue to champion in 2022.

We also continued to support the work of the social mobility taskforce for financial services to increase progression in financial services for those from lower socio-economic backgrounds. As part of our commitment to supporting diversity and inclusion, we are a signatory to the Social Mobility Pledge, a cross-party campaign to improve social mobility in the UK. Addressing this opportunity gap will ensure better outcomes for all, employees and businesses alike.

Another area of focus was around the FCA's consumer duty consultations. As we made clear in our response, we support its aims but remain concerned about the unintended consequences. Its introduction will be a major undertaking for firms and not without risk of financial exclusion for consumers. I am pleased to say that in early 2022, following extensive engagement with the FCA, we were able to welcome the changes made in the second consultation responding to industry concerns. We will continue to work closely with the FCA as the consumer duty is finalised and launched.

Other areas of activity included helping deliver the contactless payment limit increase to £100, undertaking a review of mortgage prisoners, actively engaging with the government on cladding, coordinating the switch away from LIBOR and pushing for greater proportionality for mid-tier banks subject to the minimum requirement for own funds and eligible liabilities (MREL).

2021 was a successful year financially for UK Finance. Commercial income beat budget and was up on 2020 despite being impacted by COVID-19. We controlled our costs, reduced our deficit and reduced our reliance on project income.

In recognition of what UK Finance has achieved, I am delighted to say that in February 2022 we were named one of the Best Large Companies to work for in the latest Best Companies results. This is a wonderful testament to the hard work of all our colleagues and I look forward to building on these results as we go forward. I believe that high levels of colleague engagement lead to member recognition and better results. 2021 demonstrates what can be achieved in this way.

I am proud of everything that we have been able to achieve over the last year, with the support of our members, stakeholders and the work of all at UK Finance. As a result of these successes, I am confident we are in a strong position to support our members and their customers through 2022 and beyond.

David Postings

Director and Chief Executive Officer, UK Finance

Officers and professional advisers

Directors

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

Chair	Bob Wigley (Appointed 1 March 2017)
Chief Executive Officer	David Postings (Appointed to the Board 26 September 2018 and appointed as CEO UK Finance 1 January 2021)
Other Board members	Joanna Elson, OBE (Appointed 1 July 2017) Chief Executive Officer Money Advice Trust
	Joe Garner (Appointed 1 July 2017) Chief Executive Officer Nationwide Building Society
	Miles Celic (Appointed 1 July 2017) Chief Executive Officer TheCityUK
	Tracey McDermott (Appointed 1 July 2017, resigned 1 July 2021) Group Head, Corporate Affairs, Brand & Marketing; and Group Head, Conduct, Financial Crime and Compliance Standard Chartered
	Vimlesh Maru (Appointed 1 July 2017, resigned 1 July 2021) Group Director, Retail Lloyds Banking Group
	Charlotte Duerden (Appointed 23 April 2018, resigned 23 April 2021) UK Country Manager American Express UK
	David Duffy (Appointed 1 July 2017) Chief Executive Officer Virgin Money UK Senior Independent Director and Chair of the Nominations and Remuneration Committee
	Charlotte Benham Crosswell (Appointed 26 November 2018, resigned 12 July 2021) Chief Executive Officer Innovate Finance
	Susan Allen (Appointed 16 September 2019, resigned 28 April 2021) CEO Retail and Business Banking Santander UK

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Anne Marie Verstraeten (Appointed 13 February 2020)
UK Country Head
BNP Paribas

Ruth Leas (Appointed 7 May 2020)
Chief Executive Officer
Investec Bank plc

Stephen Hughes (Appointed 7 May 2020)
Chief Executive Officer
Coventry Building Society
Chair of the Audit and Oversight Committee from 29 January 2021

Beatriz Martin Jimenez (Appointed 7 May 2020)
UK Chief Executive / Global Chief Operating Officer, Investment Bank
UBS

Anne Boden (Appointed 7 May 2020)
Chief Executive Officer
Starling Bank

Jeni Mundy (Appointed 22 May 2020, resigned 22 October 2021)
Managing Director UK & Ireland
Visa

David Lindberg (Appointed 8 October 2020)
CEO, Retail Banking
NatWest Group plc

Nigel Terrington (Appointed 30 September 2020)
Chief Executive Officer
Paragon Group

David Best (Appointed 1 February 2021, resigned 26 November 2021)
Managing Director and Deputy Chief Operating Officer for EMEA
Morgan Stanley

Kelly Devine (Appointed 1 February 2021)
President, UK & Ireland
Mastercard

Adrian Sainsbury (Appointed 1 February 2021)
Chief Executive Officer
Close Brothers

Anil Sai Tummalapalli (Appointed 1 February 2021)
Chief Executive Officer
Monzo Bank

Sean Matthew Hammerstein (Appointed 1 July 2021)
Chief Executive Officer
Barclays Bank UK

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Lucy Marie Hagues (Appointed 1 July 2021)
Chief Executive Officer
Capital One

John Patrick Hourican (Appointed 1 July 2021)
Chief Executive Officer
NewDay

Maxwell Franklyn Roberts (Appointed 1 July 2021)
UK Country Lead
Stripe

Mandy Lamb (Appointed 1 December 2021)
Managing Director UK & Ireland
Visa Europe

Arun Kohli (Appointed 1 February 2022)
Chief Operating Officer, EMEA
Morgan Stanley

Tiina Le-Seong Lee (Appointed 1 February 2022)
Chief Executive Officer, UK & Ireland
Deutsche Bank

Registered number

10250295

Registered office

5th Floor
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London
EC2R 7HJ

External auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Strategic report

The directors present their strategic report for the year ended 31 December 2021.

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. These duties are detailed in section 172 of the UK Companies Act 2006 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 26-27.

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 28.

Employees

Our employee 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.

Colleague Engagement

During 2021 we undertook our annual colleague engagement survey with Best Companies and we are proud and delighted to have been rated by Best Companies as 'a Very Good company to work for,' and to have received a 'One Star' accreditation within their 'Large Companies' category. We were also delighted to attain a position on all three of the Best Companies 2022 Q1 league tables (Best Large Companies to Work For League Table, Business Services Sector League Table and London's Best Large Companies to Work For League Table).

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. The Charter was a recommendation following a review by Dame Jayne-Anne Gadhia DBE into harnessing the talents of women in finance, with a focus on fairness, equality and inclusion.

The original deadline of achieving 40% female representation in senior level roles by 31 January 2021 has now passed. Whilst we very narrowly missed this target (we are currently at 39%) we have made significant progress towards our target over the past three years and we are therefore now focused on working to achieve gender parity in senior level roles by 31 December 2023.

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 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.

Business relationships

Our strategy is to work with business partners to champion a thriving banking and finance industry, acting always in the best interests of consumers, businesses and wider society. 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 Business, Energy and Industrial Strategy. 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.

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.

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 2021 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, supporting policing teams as an Active Citizen, helping out at food banks and undertaking parent governor roles at local schools.

In 2021, UK Finance nominated Alzheimer's Research UK as our charity of the year, which was supported through fundraising initiatives by colleagues. We also regularly partner with Whizz Kidz and the National Autism Society to provide work experience and intern opportunities for young people supported by these organisations.

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.

Members

Our members are large and small, national and regional, domestic and international, corporate and mutual, retail and wholesale, physical and virtual, banks and non-banks. 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. 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.

Strategy

Throughout 2021, UK Finance developed a new strategy. As agreed by the Board, UK Finance's vision is that, by 2025, it will be open to all providers of banking and finance in the UK and recognised for achieving demonstrable outcomes that benefit members and their customers, delivering excellent services where it is uniquely positioned to do so and providing value for money. This is underpinned by our five corporate objectives:

- Expert advocacy – inform, educate and engage to achieve policy and regulatory outcomes that serve the interests of our members and their customers;
- Authoritative data – be the leading repository of UK banking and finance data to provide robust evidence and insight to members, policy makers and law enforcement;
- Trusted partnerships – convene and collaborate with members, associate members, private-sector partners and public authorities, both domestically and internationally;
- Excellent services – provide high-quality training, events, projects and operational activities for members where we are uniquely positioned and able to do so; and
- Financial resilience – deliver within a sustainable long-term financial plan and demonstrate value for money.

UK Finance is implementing the steps necessary to deliver this strategy over the three-year period 2022-24.

UK FINANCE

Review of the business

Strategic priorities
Our strategic priorities underpin all the work we do on behalf of members.

1. Purpose
We champion and drive actions across the banking and finance industry that are taken to benefit the long-term interests of consumers, businesses and wider society:

Access to cash
In May, UK Finance and the largest retail banks and building societies made five commitments to preserve long term access to cash for both consumers and businesses. To support this, UK Finance brought together banks, the Post Office and Link, alongside involving regulators and government to create the Cash Action Group (CAG). With Natalie Ceeney as chair, the CAG made rapid and ground-breaking progress on access to cash.

UK Finance successfully advocated for the introduction of cashback without purchase which, following a successful pilot, was legislated for and is now in the process of being rolled out more widely. We also supported the independent Community Access to Cash Pilots which launched in April, with eight communities across the UK taking part to inform the future access to cash strategy.

We ended the year with a long-term flexible way forward now in place that will protect cash access for the most vulnerable. We are confident that this work will make a difference to communities and members. A landmark agreement was reached between the major retail banks to share services, ensuring long-term cash availability across the UK. The collaboration, achieved through the CAG (all major retail banks, Age UK, Toynbee Hall and the Federation of Small Businesses (FSB)), marks the beginning of a long-term commitment to ensuring widespread cash and banking access for communities where services are limited.

Ensuring access to dispute resolution services for business customers
The Business Banking Resolution Service (BBRS) launched in February 2021 following close collaboration between UK Finance, lenders, business groups and SME representatives. It provides a wholly independent dispute resolution service for larger SMEs and has so far handled 626 registered cases, with 338 cases currently going through the BBRS process. Of the 626 cases, 255 have completed their journey. Of these, the vast majority (247 cases) were closed due to administrative factors. There have so far been eight determinations, which had a range of outcomes.

Vulnerable customers
UK Finance's work helps to ensure that vulnerable customers can access and use financial services and products, and that they are treated positively and empathetically. UK Finance helped members to implement the FCA Finalised Vulnerability Guidance effectively and respond to the FCA's Consumer Duty proposals.

Later Life Lending
UK Finance, in conjunction with other trade associations, led the development of a consumer facing guide designed to help older borrowers understand their options when considering a mortgage that extends into, or starts during, their retirement.

Leading the mortgage industry's response to cladding and other fire safety issues
Together with the Building Societies Association, UK Finance represented the views of respective mortgage members in relation to lending on buildings with cladding or fire safety issues. This included discussions with the Department for Levelling Up, Housing and Communities (DLUHC) on its policy development and working with RICS on its valuation guidance for multi-storey, multi-occupancy blocks

with cladding. We also engaged with UK Cladding Action Group who represent leaseholders of flats in buildings impacted by cladding and fire safety issues. Throughout the year we maintained active engagement with DLUHC on cladding and related policy areas such as remediation schemes, the Fire Safety Bill and Building Safety Act.

Work of the Dedicated Card and Payment Crime Unit (DCPCU)

The DCPCU, which is funded by the banking and finance industry, prevented a record £101 million of fraud in 2021, disrupted 41 organised crime groups, arrested 123 suspected criminals, and secured 83 convictions. Much of this is down to increased collaboration with telecommunications firms and other partners, underlining the importance of a multi-stakeholder approach. UK Finance successfully obtained three-year funding from a member initiative which is making use of frozen funds to help fund fraud prevention and added a new team to the Unit that will bring cyber and cryptocurrency experience to investigations.

Take Five

UK Finance's Take Five to Stop Fraud campaign has continued to help consumers and businesses stay safe from fraud and scams with straight-forward, impartial advice. Take Five actively engaged with key stakeholders and government to issue timely communications on emerging scams, and business-specific toolkits on the latest fraud trends.

In September, Take Five Week saw UK Finance come together with partners across financial services, law enforcement, and the third sector to empower the public to reject, refuse or ignore out of the blue requests to share personal or financial information. Take Five Week activity was on the pages of the Daily Mail, Evening Standard and The Daily Telegraph – with spokespeople interviewed on Times Radio, GB News and Channel 5 News. On social media, over 600 accounts shared Take Five related content with a total of 1,089 tweets - reaching over 12 million people. The campaign activity resulted in Take Five being highly commended at PR Week's Corporate, City and Public Affairs Awards.

In 2021 the campaign raised awareness and offered advice on a variety of frauds through the scam of the month activity. Highlights included the smishing scam of the month in July and purchase scams in November leading up to Black Friday and Cyber Monday. Alongside the usual media and press activity, this year the team used influencers and online advertising to promote the vital Take Five messages and advice.

Diversity and Inclusion

UK Finance continued to support the work of the social mobility taskforce for financial services to increase progression in financial services for those from lower socio-economic backgrounds. As part of our commitment to supporting diversity and inclusion, we are a signatory to the Social Mobility Pledge, a coalition of 550 businesses globally employing over five million people which encourages organisations to put social mobility at the heart of their purpose. Addressing this opportunity gap will ensure better outcomes for all, employees and businesses alike.

UK Finance partnered with EY and Microsoft to release a joint report setting out how the financial sector can work together to remove non-inclusive language commonly found within the technology and cybersecurity sectors. The report highlighted what changes should be made to the language used in legacy application systems and coding to help drive positive action and remove any language that portrays people in an unnecessarily negative light. It was positively peer reviewed by the City of London Corporation's Tackling Racism Taskforce and has been referred to by members both internally and publicly when discussing this issue with colleagues and customers.

In 2021 there was a renewed focus on the contribution to the UK economy from ethnic minority businesses (EMBs) and whether barriers to access to finance are constraining entrepreneurial success. Through our industry working group on Unlocking Opportunities for Ethnic Minority Businesses, members have focused on the business support landscape and are working on solutions to help EMBs navigate the various mentoring initiatives available to them.

Providing industry leadership in events and learning activities for members
With the absence of physical events during most of the last year, UK Finance focused on delivering essential virtual content in several key areas for members. This included our extensive webinar programme held throughout the course of 2021. We held 75 stand-alone webinars on a wide range of topics with more than 16,000 attendees. We also held a further 92 webinars and virtual conference sessions throughout the year, with more than 14,000 attendees in total.

Key highlights were the Regulatory Roadmap II, the Annual Mortgage Conference, the Customer Experience Summit, Commercial Finance Week and the Economic Crime Congress. All were well attended and whose virtual audiences became much more diverse, with many more delegates from member firms able to access content regardless of gender, geography or seniority than was the case with the in-person conferences.

We were also able to hold a small number of in-person events once COVID-19 restrictions allowed. At the end of year, we hosted over 400 guests, representing the full breadth of our membership, at the UK Finance Annual Dinner that took place in London on 23 November, kindly sponsored by EY. We were joined on the night by John Glen MP, the Economic Secretary to the Treasury, who spoke on a range of topics including the importance of delivering a competitive environment for banking and finance in the UK post-Brexit, and the value of close collaboration between the sector and government to drive a just transition to net zero, as well as tackling economic crime.

In November, we also hosted a Northern Ireland Committee Dinner for members in Belfast which provided an opportunity to discuss the issues at the top of the agenda in the retail and SME banking market, including access to cash and funding the economic recovery.

2. Competitiveness and our place in the world
We focus on ensuring the competitiveness of the UK banking and finance industry as the UK seeks to establish its position in a post-Brexit world:

Capital and Wholesale Markets Reform
UK Finance engaged our members across a series of strategically important initiatives spanning both primary and secondary markets. We supported the government's ambitious reform agenda which aims to drive competitiveness, foster innovation, and support the UK's position as a global leader in financial services. This work included bringing technical experts together to form new views and positions on how the UK's capital markets regime should evolve, driving thought leadership, and strengthening our relationships with senior markets stakeholders. Throughout the year we worked to position UK Finance as a trusted partner to UK rule-makers who are considering how the UK's capital markets and wholesale regime operates today and beyond.

UK Finance mobilised our members involved in capital raising and IPOs to engage the government and Lord Hill on their reform of primary markets. The recommendations in Lord Hill's Listings Review prompted a series of significant consultations to which UK Finance responded. These initiatives address areas such as the listings and prospectus rules, and the UK's regulatory approach to special purpose acquisition companies (SPACs) which UK Finance members were able to directly influence.

UK Finance also advocated our policy positions with policymakers to ensure the UK capital markets rulebook is open, agile and proportionate. As an example of our success, the new rules on SPACs directly reflect the key asks and positions put forward in our response to the FCA. These rules were implemented in August and contribute to a more attractive and flexible listings regime for SPACs in the UK.

Establishment of the MiFID Strategic Committee
UK Finance established the MiFID Strategic Committee to respond to HM Treasury's Wholesale Markets Review. As part of this work, UK Finance successfully delivered meaningful change to UK MiFID legislation identifying areas of the drafting which would have led to unintended consequences and increased complexity for members. We ensured these concerns were addressed by HM Treasury in the final text. This led to meaningful changes to UK MiFID legislation demonstrating the close and positive cooperation between UK Finance, our membership and government on the reform of the UK's wholesale markets.

Post-Brexit transition
UK Finance supported our members this year by seeking clarity and guidance with regards to the UK's onshored markets rulebook building our successful programme of Brexit preparatory work. We also convened members, the FCA and the Bank of England to discuss the expiry of the Temporary Transitional Power in March 2022.

Financial service trade and market access
UK Finance continued to promote trade policy to enhance the UK as a global hub for all financial services businesses, wherever headquartered, that wish to use their UK presence when doing business outside the UK. In February we launched a report on international trade in financial services looking at the tools that can be used to promote it and the benefits it brings for businesses and consumers. UK Finance also engaged in the government's trade and market access work through the government's financial services Trade Advisory Group and the government's Expert Trade Advisory Group.

UK Finance continued to help members' businesses in the UK in doing business abroad supporting both financial services exports from, and imports into, the UK. Our commercial team also continued to support classic trade finance business. Following the successful launch of the UK Export Finance General Export Facility, £104 million of finance has been provided. The product was designed in collaboration with the UK Finance International Trade Working Group. Work also progressed with members on a refresh of the UK Export Finance Supplier Credit Bills and Notes Facility. This covers payments due under bills of exchange, or promissory notes, purchased by a financial institution from a UK exporter.

Foreign Banks
Our Foreign Bank members faced another demanding year and UK Finance continued to support them across a diverse range of areas. Key activities included the preparation for LIBOR cessation, changes to HMG's Wholesale Market Reforms, post-Brexit preparation and support for Members' return to office strategies post COVID.

Bank taxation
In October, UK Finance published the seventh edition of the PwC Total Tax Contribution of the UK banking sector report. The report continues to demonstrate the considerable contribution made by the banking industry to the UK and the importance of the sector in providing jobs distributed throughout the UK, the majority of which being based outside of London. We understand from HM Treasury that this, and previous reports, made a significant impact ahead of the Autumn Budget, as it demonstrated the significant contribution to the UK public finances made by the sector.

We were pleased to see the Chancellor's announcement that the government will reduce the bank corporation tax surcharge from 2023. However, we have been clear with government that the change still leaves the banking sector paying a higher tax rate than other sectors and other major financial centres around the globe.

UK Finance also advocated for, and secured the government's backing for, an exclusion for regulated financial services from a new global tax arrangement for multinational enterprises. The UK championed the financial services exclusion, which survived a difficult negotiation process at the OECD, and was retained in the final international agreement to reform the international tax system.

Business Support and Restructuring

Work undertaken in 2020 around the passage of the Corporate Insolvency and Governance Act and the introduction of secondary preferential creditor status indicated a specific requirement for direct engagement with relevant member Subject Matter Experts in this area. In 2021, UK Finance therefore established a Cross-Commercial Finance member group on corporate insolvency and secondary preferential creditor status. The new member group has a brief to consider the full range of issues which impact on UK competitiveness and members' ability to support businesses in distress and turnaround. It also has a remit to consider insolvency policy as well as taxation, pensions, corporate governance, government schemes. The group also acts as a forum for collaboration with other stakeholder groups such as R3, Institute for Turnaround and is a model for future cross- Commercial Finance working.

3. A regulatory framework fit for all

We represent our members' interests in the development of the regulatory framework for financial services:

Regulatory Roadmap webinar series

Over 11,000 delegates registered for the return of UK Finance's Regulatory Roadmap series, designed to provide a structured programme of online technical briefings and help UK Finance member firms stay on top of the latest changes in the regulatory landscape, including updates on the regulatory framework review and regulatory priorities in 2021.

Future Regulatory Framework Review

In February, we responded to HM Treasury's consultation marking phase-II of the financial services future regulatory framework review. Our response to the consultation was a significant undertaking and included five supporting reports. Our key recommendations included calling for international competitiveness and proportionality to be keystones of the future framework, for a greater emphasis on regulating the same activities that pose the same risks in the same way and improving the rigour with which regulators are required to assess the costs and benefits of their proposed interventions. We were pleased to see key asks from our response in February feature prominently in the third and final consultation.

Consumer Duty

In May, the FCA published the first of two consultations on the proposed introduction of a new consumer duty. Our response to the first consultation argued that while we supported its aims, we were concerned that shortcomings in the formulation and implementation of the duty, as well as unintended consequences, could mean its introduction did more harm, both to consumers and firms, than the benefits it sought to achieve. UK Finance engaged at both senior and working level with the FCA and HM Treasury to ensure the concerns voiced in our first consultation response were addressed in the second. The second consultation was published in December, and we were pleased to see revised and refined proposals which reduced the risk of unintended consequences. We nonetheless still had reservations about the Duty's proposed application to firms' back books, the role of the Financial Ombudsman Service and a lack of proportionality in how firms will be able to evidence their compliance with the four desired outcomes. As the year ended, we continued to work with the FCA to address these concerns as it continued its thinking on the shape and content of the Duty.

Reforming the framework for better regulation

In July, BEIS consulted on changes to the framework for better regulation. It examined several proposals from the Taskforce on Innovation, Growth and Regulatory Reform, which the prime minister commissioned earlier in the year, and considered the process for measuring and reporting impacts from regulation. Areas addressed in the consultation included the adoption of a less-codified, common-law approach to regulation; a review of the role of regulators, especially in respect of competition and innovation; streamlining the process for assessing impacts; and baselining the UK's regulatory burden.

UK Finance responded to reiterate many of the positions we set out in our engagement on HM Treasury's Future Regulatory Framework review given the overlap in subject matter.

Reforming competition and consumer policy

In July, BEIS consulted on proposed reforms to competition and consumer policy "for strong free markets, vigorous competition and high consumer standards that drive growth and productivity." The consultation covered three themes: promoting competition to drive enterprise, innovation, growth, and productivity; updating consumer rights to keep pace with markets; and strengthening the enforcement of consumer law by individuals and regulators.

UK Finance responded selectively to the consultation, dealing only with issues of particular importance to our members and their customers, such as the consequences of the proposals for the FCA's and the PSR's concurrent exercise of competition powers, reform of the Consumer Credit Act 1974 and promoting more consistent application of the principle of same activity, same risk, same regulation in consumer law.

Financial Risk and Policy

Our responses to UK authorities' consultations on implementing capital requirements regulation raised concerns about the proposed approach to the clearing of client derivative transactions. We were pleased that the PRA recognised the interconnected nature of collateral supporting client clearing, removing the threat of increased long-term funding to comply with net stable funding ratio requirements. We also welcomed the decision to delay the Fundamental Review of the Trading Book Standardised Approach reporting requirements from the beginning of 2022 until the implementation of Basel 3.1.

UK Finance has long been concerned about the cliff edge effects of minimum requirement for own funds and eligible liabilities (MREL) thresholds and welcomed the Bank of England's indication that it would extend the time over which firms must raise their full MREL requirement from three to six years and more, and in the medium term review the transaction account threshold. UK Finance also pushed for greater proportionality for mid-tier banks subject to MREL.

Audit and Corporate Governance

The Department for Business, Energy and Industrial Strategy (BEIS) consulted this year on wide-ranging reforms of audit and corporate governance.

UK Finance's response to the consultation challenged significant aspects of the proposals while noting the potential benefits to our members, as lenders and investors, of better corporate governance and reporting. We also made constructive recommendations for making aspects of the proposals more workable.

Buy-Now Pay-Later lending

On 21 October, HM Treasury issued a consultation on the regulation of interest-free Buy-Now Pay-Later (BNPL) lending. This follows on from the recommendation of the Woolard review of change and innovation in the unsecured-credit market. Our members' input into the review's call for evidence identified certain consumer harms arising from BNPL lending and recommended "same activity, same risk, same regulation," mirroring the position we adopted in the Future Regulatory Framework review. During the latter part of 2021, UK Finance engaged with members to respond to the consultation ahead of the 6 January deadline.

UK FINANCE

4. Digital innovation and data

We promote digital innovation across the banking and finance industry in a responsible, inclusive and ethical way that protects customer data:

Data Ethics and Protection

UK Finance has been advocating for a coherent and proportionate post-Brexit data protection framework and promoting alignment with international norms. Following the Schrems II judgement, requiring firms to now conduct complex data transfer risk assessments we partnered with Pinsent Masons on a paper setting out a roadmap to adaption. In addition, we also produced a 'readiness survey' report to help members benchmark their compliance progress. UK Finance established a member working group to help us define and agree the requirements for a data transfer risk assessment tool.

UK Finance also engaged with the Information Commissioner's Office to obtain a steer on GDPR compliance for the use of behavioural biometric data in Strong Customer Authentication, enabling work to proceed. We also provided ongoing privacy SME support on the issue of sharing financial sector data with gambling operators to identify problem gambling.

Digital Identity

UK Finance worked on two pillars of policy and regulatory developments and marketplace analysis. We worked with Deloitte to deliver two marketplace analysis reports for members and held two showcase events (May and December 2021) for members to hear from government and see the latest demonstrations of digital ID tools from suppliers. UK Finance and Deloitte also delivered a Digital Identity Vision Paper for members which identified five key areas of focus: scheme structure, governance structure, roles, technology and standards and data. Following approval at the Taskforce, UK Finance and Deloitte worked with members to develop an Options Analysis to support members reaching consensus on how to build a financial services led digital identity solution in the UK.

UK Finance convened members to shape the DCMS Digital Identity and Attribute Trust Framework. UK Finance successfully lobbied DCMS to introduce a testing regime for firms to practice certification against the Trust Framework. In addition, UK Finance also worked with members and DCMS to achieve changes to Joint Money Laundering Steering Group guidance to make it easier to use Digital ID.

To drive cross-economy engagement UK Finance also worked with the Open Identity Exchange, the Global Open Finance Centre of Excellence and the Financial Data and Technology Association to convene the Cross-Sector Digital Identity Forum, driving engagement across organisations such as the CBI, Law Society and others to prepare their industries for using digital identities.

A new pro-competition regime for digital markets

In the summer, BEIS and DCMS consulted on a new pro-competition regime for digital markets. Although the proposed measures are primarily aimed at so-called 'big tech' firms, UK Finance provided a targeted response, arguing the need for the new Digital Markets Unit to coordinate as necessary with the regulators of financial services, and for the regulatory framework to require tech firms designated as critical to the wider economy to take adequate steps to ensure their resilience to outages.

Standards

UK Finance published its report on payment standards in August 2021 which outlined a strategic roadmap for standards engagement. The report proposed the creation of the Standards Engagement Forum to drive forward collaborative industry discussions between standard setters and standard users.

Open Banking, Open Payments and Open Finance

The CMA's update on open banking governance highlighted the importance to government and regulators of a successor body for the delivery of Open Finance and Open Data.

UK FINANCE

UK Finance published The Future Strategy for Open Banking Payments on 22 November proposing exploration of a multilateral framework for Variable Recurring Payments and industry governance to develop open banking payments and report as well as the second report on Open Banking governance. UK Finance has also established a cross-cutting group on Open Finance to understand how members can support the extension of the principles of Open Banking to other areas of finance.

New Digital Money
To coordinate the development of a cohesive industry view on central bank digital currencies and stablecoins, UK Finance established the cross-cutting New Digital Money Steering Group. The group will help to support UK Finance's seat on the Bank of England's Central Bank Digital Currency engagement forum and present the industry views.

AI regulation
UK Finance developed core views on AI regulation in member workshops, including the importance of not duplicating existing more general rules and the need for regulation to be able to adapt to the wide range of AI use cases across the economy suggesting a focus on guidance and a primarily sectoral approach is preferred. We fed these views into the Office for AI and they were then reflected in part in the National AI Strategy. Throughout the year, we raised the profile of our work on AI policy with the International Organization of Securities Commissions, FCA, Bank of England and Information Commissioner's Office. We were subsequently invited to workshops on AI regulation for end-2021 by those UK authorities.

5. Resilience, security and transparency
We want the UK to be the safest and most transparent place from and in which to do financial business:

Operational Resilience
In March 2021, the financial services regulators published their respective policy statements on operational resilience. UK Finance were successful in achieving several policy asks, including clarification on the approach for dual impact tolerances, and acknowledgement of our request for proportionality.

UK Finance and EY delivered a series of workshops for members covering all elements of the policy statements. The workplan, which concluded in October, was effective in supporting firms prepare for the March 2022 deadline, and the comparative results via the surveys showed that progress and maturity increased over time as firms began implementing the policy.

In May 2021, the revised Sector Response Framework was approved by the Cross Market Operational Resilience Group (CMORG). This is the first time that this type of sector-wide coordination has been documented and will enable firms to ensure that they are well represented across the groups in the ecosystem. The document has been very well received within industry with several firms already using it as a framework to assess and revise their internal crisis procedures.

The CMORG PMO led on the development of a strategic risk register and in coordinating the subgroups for the COVID-19 lessons learned exercise.

The Financial Sector Cyber Collaboration Centre (FSCCC)
UK Finance refined the FSCCC service which responded to six cyber incidents affecting critical national infrastructure firms this year and distributed intelligence on several other low priority incidents. GCHQ awarded FSCCC their Innovation Award for External Collaboration on 4 June 2021.

Transition away from LIBOR
In 2021, UK Finance's cross-cutting work on LIBOR transition supported over 100 impacted members. Ahead of the 31 December 2021 deadline for sterling, UK Finance acted on the areas where it could provide cross-industry value including advocacy around the Financial Services Act 2021 which will mean the FCA will put in place a time-limited off-ramp for tough legacy contracts via 'synthetic LIBOR.' We successfully advocated to secure a broad safety net for at least 2022. We argued for additional legal protection for firms when using the legislative solution, and in September 2021 the Critical Benchmarks Bill was introduced to Parliament which provided material comfort and addressed some concerns.

UK Finance developed communications and collateral around transition to reduce reputational risk. We published an introductory guide with our business group partners (ACT, CBI, ICAEW and LMA) and launched a dedicated resource page for SMEs and consumers on our website. The campaign reached 60 business groups, including Housing Associations groups and other business intermediaries. For mortgage customers, UK Finance developed a mortgage lender customer communications toolkit, as well as a borrower-facing FAQ document. We made clear the value of the FCA also producing customer-facing communications, which they did in June.

Strong Customer Authentication
The SCA Programme has continued to facilitate industry compliance, resolving issues such as use of behavioural biometrics and guidance on 3DS data consistency. UK Finance secured a final FCA compliance extension from September 2021 to March 2022.

Banking Protocol results
Branch staff at banks, building societies and Post Offices worked with the police to stop £60.6 million of fraud through the Banking Protocol rapid scam response during 2021. In 2021, the Banking Protocol also achieved a significant milestone, having prevented a total of £200 million of fraud since it was first introduced. The UK-wide scheme, launched by UK Finance, National Trading Standards and local police forces dealt with 10,053 emergency calls, worked with 3,569 vulnerable adults and made a total of 162 arrests.

Cash Services
The COVID-19 pandemic and the broader UK supply chain pressures have ensured a busy year working with the Bank of England and The Royal Mint on helping to address market stability within the Wholesale Cash Industry. UK Finance's review and dissemination of Incident Management Playbooks in the early months of 2021 was followed by close liaison with members and The Royal Mint/HM Treasury on ensuring continuity of supply, especially coin.

UK Finance successfully demonstrated the minimal risk of counterfeit from cash in the delivery of our Test and Learn on Coin Checking Validation with HM Treasury, supporting the broader work on Access to Cash by highlighting that it remains a safe and sustainable method of payment. UK Finance has additionally continued to monitor closely the proposed creation of a Wholesale Utility, given the possible impact on several functions carried out by the UK Finance Cash Services, including cash forecasting, trading and incident management.

Contactless
Following its announcement in the Spring Budget, UK Finance facilitated the £100 contactless limit roll-out from 15 October. There has been good uptake in major retail segments including supermarkets and clothing, and no concerns reported.

Tackling Fraud and Scams
UK Finance continue to work with the National Economic Crime Centre and the tech sector to reduce online enabled fraud. Our work focused on making the UK the least attractive place for criminals to

operate as well as gain a better understanding of complex criminal operating models, boost the response and enhance public communications. As part of this, UK Finance developed an ambitious new strategy to tackle Authorised Push Payment Fraud. The strategy calls for stakeholders, including telecommunications and technology companies to collaborate to tackle the issue together.

UK Finance successfully advocated for the inclusion of user generated fraud in the Online Safety Bill. Following successful representation at a Ministerial Roundtable, UK Finance brought together the banking and tech sectors under the new Online Fraud Steering Group, bringing online platforms through Tech UK, UK Finance members and the National Economic Crime Centre to the table together for the first time. It is already seeing positive results including $1 million of advertising credits for our Take Five to Stop Fraud campaign.

Cross-sector collaboration between UK Finance and the Global System for Mobile Communications Association and our respective members identified new indicators to help mitigate the industry's impersonation fraud and scam challenges. Through that we agreed a banking fraud charter as part of a Home Office initiative. It sets out areas of focus for the industry, highlighting those where a cross-sectoral approach, including government support, will be adopted. The charter, along with charters developed by the telecommunications and accountancy sectors, was announced at the relaunch of the Joint Fraud Taskforce in October.

Economic Crime Reform
UK Finance successfully engaged with Ministers to successfully help refresh and reinvigorate progress on economic crime reform, using it to help achieve industry objectives on fraud. We also worked with the government to help develop proposals to unlock funds held in suspended accounts and the importance of a more radical approach on economic crime.

In addition, we coordinated industry input into the Home Office Targeted Engagement on a suite of legislative proposals including proposed new powers on information and intelligence sharing to make it easier for regulated sector firms to share information with each other.

Sanctions
UK Finance continued to work with sanctions departments within government to address issues within the UK legislation, and to improve the guidance issued. We worked closely with international partners, including in the US and the EU and investigated specific areas of concern which included Iran, Russia, Belarus, Afghanistan, and China.

As the humanitarian crisis in Afghanistan worsened in the latter part of 2021, we engaged with members and charities through the Tri-Sector Group and other forums. Discussions highlighted the need to clarify the existing UK regime with regards to control and ownership provisions and the need for an exception for humanitarian purposes. Once the UN sanctions exception for humanitarian aid had passed, we continued to work with the Foreign, Commonwealth and Development Office and HM Treasury to ensure that the UK legislative and guidance changes met the spirit of the UN exception and allowed members to engage with non-governmental organisations for the provision of humanitarian aid into Afghanistan.

We also set up two benchmarking surveys to allow members to assess their approach to export controls and domestic screening policies. In addition, we also managed the transition to the UK autonomous programme to handle the complexity of sanctions implementation for members and set up an Associate Member Sanctions Panel bringing in new Associate Members from other sectors.

6. Sustainability
We help the banking and finance industry play a key role in supporting a sustainable future as firms embed climate risk and green finance into the heart of their business models:

‘COP26 and Beyond’

The COP26 summit in Glasgow provided a crucial opportunity for heads of state, climate experts and campaigners to agree significant coordinated action to tackle climate change and the industry played a key part in this.

Ahead of the event, we engaged with 45 members in a structured dialogue on the embedding of climate responsibility and the adoption of net zero commitments. Our member dialogue allowed us to take a clear policy position into our participation in COP26 via the Green Horizon Summit, a five-day hybrid event co-hosted by the City of London Corporation and Green Finance Institute.

Our ‘COP26 and beyond’ report published to coincide with our Green Horizon Summit event gave a clear account of the developing statutory and regulatory framework for climate responsibility and an insightful commentary on steps being taken in support of net zero commitments. The report expressed support for the industry-led and UN-convened Net Zero Banking Alliance within the Glasgow Financial Alliance for Net Zero which launched in April 2021 with the support of 43 banks from 23 countries. The report also provided an analysis of early progress being made on net zero banking.

Supporting a Just Transition

To help ensure the banking and finance industry supports an economic transition towards net zero in a just and fair way, we responded to key UK, EU and international consultations during the year, engaging with governmental, regulatory and market participants throughout. This included our outreach with the COP26 Private Finance Unit and UNEP Finance Initiative, drawing on our position as observers on the FCA and PRA co-chaired Climate Financial Risk Forum to arrange outreach on climate risk management and scenario analysis.

We also continued our membership of the Grantham Research Institute-hosted Financing a Just Transition Alliance which included supporting the launch of the ‘Just Zero’ report. The report illustrated how financial institutions can take practical action to support a just transition and made several policy recommendations.

Green homes

UK Finance continued to discuss with UK government its plans for energy performance in the private rental sector and for improving energy performance through mortgage lenders, which were subject to two consultations at the start of the year. We support the aim of greening the UK housing stock but want to ensure that there are no negative, unintended consequences because of measures taken. The Mortgages Product and Services Board agreed to the establishment of a Sustainability Working Group to focus on this issue which is now up-and-running.

Reducing the carbon impact of the cash supply chain in the UK

UK Finance continued to support the work being done by the UK’s cash sector to meet its ambitious net zero emissions goals and plastic use targets. This has primarily been through the Cash Industry Environment Charter, signed by leading organisations in the sector. In 2021 UK Finance took on the responsibility to measure and ensure adherence to the Charter. We also encouraged further information sharing within the sector, as well as the establishment of baseline data and a review of industry standards.

COVID-19 response

While the first months of lockdown saw the greatest impact on households and business finances, for many pressures continued well into 2021 following the third lockdown. As distinct support schemes set up during the early days of the pandemic drew to a close, UK Finance continued to provide guidance and support to customers, both business and personal.

Throughout 2021 we continued to play a pivotal role in coordinating the industry's ongoing response to the COVID-19 pandemic:

Championing the banking and finance industry
UK Finance advocated for, and secured guidance that enabled lenders to make the orderly transition out of payment deferrals for both unsecured and secured lending, allowing firms to revert to offering tailored support and normalising their operations where appropriate. We worked with members, regulators and government across the UK and devolved nations to help ensure that ongoing support remains fit for purpose. In Scotland, we led industry discussions with the Accountant in Bankruptcy on its review and reform of statutory protections.

Supporting business customers
The industry's work to support businesses through the COVID-19 crisis and recovery has been overseen by our Business Lending Recovery and Sustainable Growth Taskforce. This includes the delivery of the original three lending schemes (BBLS, CBILS & CLBILS) which have seen more than 1.6 million businesses receive over £79 billion in financing. This included more than 1.5 million Bounce Back Loans (BBLS) worth £47 billion, £26 billion provided through Coronavirus Business Interruption Loans (CBILS) and over £5 billion worth of Coronavirus Large Business Interruption Loans (CLBILS).

These schemes, which closed in March 2021, sat alongside a range of additional measures from the industry, including working capital extensions, overdraft extensions and capital repayment holidays, all geared to help businesses navigate the challenging times.

Collections and recoveries
UK Finance oversaw work to agree a set of common principles in relation to lenders' BBLS recovery processes and our BBLS Working Group continues to work closely to ensure consistency of customer treatment where possible and appropriate.

UK Finance also supported the launch of the Recovery Loan Scheme (RLS) in April which the Chancellor announced would replace the original three lending schemes. Over £1 billion has now been lent through the RLS which has been extended until June 2022.

Preventing Covid Business Loan Fraud
UK Finance worked closely with the British Business Bank and relevant government authorities this year to prevent fraudulent activity in relation to the schemes through our Fraud Collaboration Working Group.

Supporting personal customers
The mortgage payment deferral scheme set up in 2020 to provide support to those who may have lost their jobs or experienced reduced income over the course of the pandemic was extended several times, finally ending on 31 July 2021. Overall, lenders provided three million payment deferrals on mortgages. These helped customers to remain out of arrears throughout the course of the pandemic and eased the pressure on those already in earlier arrears. The majority of people who benefited from payment deferrals have since been able to return to making payments. To date, house possession cases remain low as lenders continue to support people to stay in their homes.

2.2 million payment deferrals were provided on credit cards and loans, after the initial three-month scheme was similarly extended. And 27 million customers benefited from a £500 interest-free overdraft.

Supporting vulnerable customers
On possessions, UK Finance confirmed the end of restrictions and, in collaboration with members, developed and published industry best practice regarding possessions in the context of the pandemic. UK Finance worked with the courts in the devolved nations to ensure that rules struck the right balance

between managing the backlog of cases whilst maintaining possessions as a last resort. We gained consensus amongst members to implement an industry voluntary agreement for a 2021 Christmas Moratorium on possessions.

Results and performance

A key performance indicator by which UK Finance measures its 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 2021. We received 380 responses representing 202 different member organisations, with responses from 30 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. The 2021 survey results demonstrated our positive impact and the percentages with positive views were the same or higher than 2020 in all comparable categories:

- Satisfaction: 98% (2020: 98%) positive views
- Effectiveness: 96% (2020: 95%) positive views
- Engagement (new for 2021): 96% positive views
- Expertise: 95% (2020: 95%) positive views

The messages taken from this year's survey indicate:

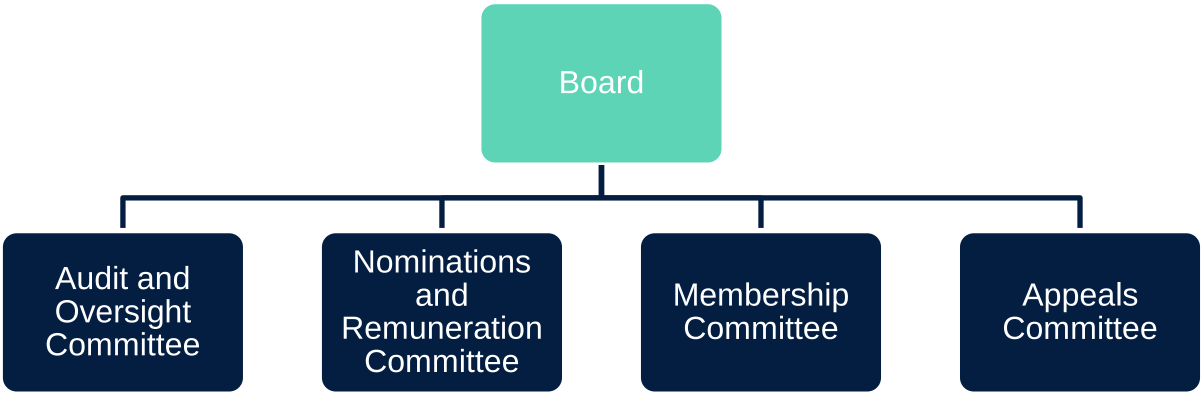
- 98 per cent of members positively rate UK Finance's performance at advancing the interests of our members and stakeholders. In particular, engagement with regulators is seen as a key strength, as is work aimed at influencing the government.
- UK Finance has worked hard to develop member relationships, and this is reflected in overwhelmingly positive feedback about both the management of membership (98 per cent positive feedback) and the strength and depth of relationships between members and UK Finance (96 per cent positive feedback).
- UK Finance's expertise and understanding of the issues facing our members is without question, with 99 per cent positive feedback. Further, 98 per cent of members feel that UK Finance is moving in a positive direction.
- UK Finance is trusted by members to provide data services. 100 per cent of members trust UK Finance to handle the data that they provide and 99 per cent say that they have confidence in the data provided by UK Finance.
- Members value the events and training provided by UK Finance with 98 per cent saying that these resources are interesting and relevant. Members have found the availability of online events and training to be very valuable, but 78 per cent still feel that their employees will be likely to attend in-person events over the coming year.

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 2021. As a result, our deficit has reduced by £530,762 in 2021 to stand at £6,533,503 at 31 December 2021 as we continue our trajectory towards eliminating the deficit in net assets in line with our longer-term financial plan.

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

UK Finance's Board has been developed to ensure senior and fair representation across our membership. The Board leads key strategic, industry-wide issues at a senior level, with 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.UK Finance's Board 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 a responsibility to ensure that all members have their interests properly represented.

Committees of the Board

Audit and Oversight Committee
The Audit and Oversight Committee (A&OCo) 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. A&OCo is an advisory body, reporting to the Board. It is comprised of four Non-Executive Board Directors with voting rights and attended by the CEO, COO and CFO, together with the External and Internal Auditors.

Nominations and Remuneration Committee
The Committee leads and advises the Board on matters relating to Board governance, the approach to remuneration by the Company, appointments 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 overall process for appointments. It sets the remuneration policy for the Chair, CEO and all Senior Management (Managing Directors 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.

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. It is also the formal mechanism to carry out procedures for the expulsion of members where appropriate. The Membership Committee has not yet been required to undertake those duties and instead has provided a forum to consider the relevance of UK Finance's membership criteria and approach to ensuring member value and satisfaction.

Appeals Committee
The Appeals Committee has been established in line with our Articles of Association to deal with appeals against any decision made by the Membership Committee to reject applications for membership or to expel existing members. Since inception, this Committee has not yet met.

Executive Committee
The Executive Committee (ExCo) is the senior internal decision-making body. It leads and oversees 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. It is responsible for managing the operations, performance, risk mitigation, resource allocation and financial position (including revenue generation) of the organisation within the strategic framework set by the Board, reporting to the Board as appropriate.

Three Committees report to ExCo. These are Policy Committee, Operational Committee and the Project Review & Oversight Forum:

- The role of the Policy Committee is to provide challenge, guidance and approval of policy initiatives to ensure that they best support members' desired outcomes and are prioritised and risk assessed appropriately.

- The role of the Operational Committee is to provide oversight of operational initiatives and programmes with cross business implications. The role includes monitoring compliance with operational policies, review of operational performance and corporate risk, and any issues relating to corporate statutory or regulatory compliance.

- The role of the Project Review and Oversight Forum is to oversee the project related activity undertaken or coordinated by UK Finance either internally or on behalf of members. It ensures that structured project methodologies are applied, governance is appropriate, project budgets and risks are managed, and the status of the project portfolio is reported to UK Finance Board.

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 Oversight Committee. The Board considers the strategic risk register, following its review by ExCo and the Audit and Oversight Committee. The Board is also responsible for defining the organisation's risk appetite, which is formally reviewed at least once a year.

The Audit and Oversight 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 Risk & Assurance Director, annual assurance statements from Executive Committee members, and regular reports provided to the Audit and Oversight Committee on significant risks. ExCo 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’s risk management policy and procedures clearly define its approach to risk management, as well as identifying specific risk management roles, accountabilities and responsibilities across the organisation.

UK Finance’s strategic risk register is reviewed quarterly by ExCo and the Audit and Oversight Committee, and regularly by the UK Finance Board. During the past year, the strategic risk register has continued to evolve, to enable ExCo 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 Risk & Assurance Director at least quarterly and escalated onto 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 Risk & Assurance Director works across all areas of the organisation to promote and integrate the risk management process and to support and inform colleagues.

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Principal risks and uncertainties

The table below details the principal risks and uncertainties that UK Finance is currently facing.

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 during 2022 (and in the longer 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.
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 leaves, 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 valuer 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.
Operational resilience breakdown (including information security)	We lose trust of our members or other stakeholders because we have prominent operational failures, or security breaches, of member-facing platforms or systems/services that are visible to other stakeholders.
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.

UK Finance actively manages mitigating actions to control these and other risks.

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.

Approved by the Board and signed on its behalf on 5 May 2022 by:

David Postings
Director and Chief Executive Officer

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 2021. Details of the directors can be found in the Officers and professional advisers section on page 7.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 10.

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; and
- 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.

UK FINANCE

Principal activity

UK Finance is a company limited by guarantee whose principal activity is to 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 2021 or for the year ending 31 December 2020.

Sustainability

The work undertaken by UK Finance to help the banking and finance industry play a key role in supporting a sustainable future can be found in our Review of the business section on pages 13-25. UK Finance is also a Supporting Institution of the Net-Zero Banking Alliance, an industry-led, UN-convened body that brings together banks worldwide representing over 40% of global banking assets, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050.

In 2020 we started measuring our carbon footprint pursuant to The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which focussed on the measurement of our scope 1 and 2 emissions.

In line with the Greenhouse Gas Protocol, we now disclose our scope 1, 2 and 3 emissions. Scope 1 – direct emissions – covers things that we own that directly emit greenhouse gases into the atmosphere. Scope 2 encompasses emissions associated with our consumption of purchased electricity, gas and cooling. Scope 3 refers to emissions incurred by suppliers of goods and services provided to us, which happen at sources we don't own or control.

The table below shows each category of 2021 and 2020 emissions in tCO_2e[1]:

Category	2021	2020
Scope 1 and 2 emissions		
Natural gas	47.3	38.0
Electricity	51.2	84.2
Total scope 1 and 2 emissions	98.5	122.2
Scope 3 emissions		
Purchased goods and services	6,290.0	6,709.0
Electricity transmission and distribution losses	4.5	7.2
Employee commuting	70.4	39.5
Business travel	29.7	73.7
Capital goods	19.6	14.8
Water	2.4	4.2
Couriers	2.3	3.0
Total scope 3 emissions	6,418.9	6,851.4
Total Scope 1, 2 and 3 emissions	**6,517.4**	**6,973.6**

The majority of our emissions (2021: 98.5%; 2020: 98.2%) fall under Scope 3. This reflects the nature of our business, as a UK-based trade association, with purchased goods and services representing the bulk of our emissions.

[1] tonnes of carbon dioxide equivalent

UK FINANCE

Streamlined energy and carbon reporting

Pursuant to The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, our energy usage and greenhouse gas emissions for the years ended 31 December 2021 and 2020 were as follows:

Item	2021	2020
UK energy use (kWh) (1)	499,298	567,794
Associated greenhouse gas emissions (tCO2e) (2)	98.5	122.2
Intensity ratio: UK energy use (emissions in tCO2e per FTE staff) (3)	0.49	0.66
Total emissions (tCO_2e) (4)	6,517.4	6,973.6
Intensity ratio – total emissions (emissions in tCO_2e per FTE staff) (3)	32.3	37.5

(1) Purchased gas and electricity

(2) Scope 1 and 2 emissions: calculated using the Government 2021 conversion factors and management's best estimate of the suitable categories

(3) As a professional services body, UK Finance has used its staff numbers (full time equivalent) to demonstrate the intensity of energy use

(4) Scope 1, 2 and 3 emissions

UK Finance continually looks for ways to improve our energy efficiency. We have taken the following actions to improve our energy efficiency during 2021:

- To conserve energy and reduce internal heat gain, computers, monitors, printers and copiers are turned off during non-business hours
- We have replaced our desktop system with laptops
- Ensured that the built-in power management system for our office equipment is active

Whilst our total scope 1, 2 and 3 emissions have reduced by 6.5% in 2021, the pandemic has meant our emissions have not been representative of 'normal' circumstances in 2020 or 2021 due to our colleagues working from home for significant periods and a reduction in face-to-face meetings, events and training activities. In 2022 colleagues are working from home less often and business patterns are beginning to normalise. Therefore, to enable a more informed approach to our emissions goals, we plan to use our 2022 carbon footprint as our base year for targets and changes in 2023 and beyond.

Going concern

As at the balance sheet date UK Finance has accumulated losses of £6.5m (2020: £7.1m), the reduction due to the reported surplus in 2021. In late 2021 the Board reviewed and approved a fully evaluated budget for 2022. 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 by:

David Postings
Director and Chief Executive Officer
5 May 2022

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 2021 which comprise the profit and loss account, balance sheet, cashflow statement, 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 2021 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 30, 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.

UK FINANCE

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 and reviewing tax computations.

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 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 journal and other accounting entries and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

UK FINANCE

Profit and loss account

For the year ended 31 December 2021

	Note	31-Dec-21	31-Dec-20
		£	£
Revenue	3	48,633,651	46,883,385
Cost of sales		(4,793,607)	(3,773,322)
Gross profit		43,840,044	43,110,063
Administrative expenses	4	(20,295,659)	(22,174,200)
Staff costs	5	(23,068,418)	(20,545,864)
Operating profit		475,967	389,999
Finance costs	7	(156,234)	(199,322)
Profit on ordinary activities before taxation	8	319,733	190,677
Taxation	9	211,029	-
Profit for the year		**530,762**	**190,677**

Other comprehensive income

There were no items of other comprehensive income in the period (2020: Nil).

UK FINANCE

Balance sheet

As at 31 December 2021

	Note	31-Dec-21	31-Dec-20
		£	£
Fixed assets			
Intangible assets	10	5,386,271	5,950,846
Tangible assets	11	2,923,410	3,561,790
		8,309,681	9,512,636
Current assets			
Debtors due within one year	12	30,042,636	23,929,244
Cash at bank		5,159,191	7,456,879
		35,201,827	31,386,123
Total assets		43,511,508	40,898,759
Liabilities			
Creditors: amounts due within one year	13	(46,948,195)	(38,869,604)
Total assets less current liabilities		(3,436,687)	2,029,155
Creditors: amounts due after more than one year	14	(2,243,816)	(8,028,420)
Provisions for liabilities	15	(853,000)	(1,065,000)
Net assets		**(6,533,503)**	**(7,064,265)**
Capital and reserves			
Accumulated fund	16	**(6,533,503)**	**(7,064,265)**

The financial statements of UK Finance Limited, registered number 10250295, were approved by the board of directors and authorised for issue on 5 May 2022. They were signed on its behalf by:

David Postings

Director and Chief Executive Officer

Cash flow statement

For the year ended 31 December 2021

	31-Dec-21	31-Dec-20
	£	£
Cash flows from operating activities		
Profit on ordinary activities before taxation	319,733	190,677
Taxation receipts	211,029	-
Depreciation and amortisation	1,479,239	1,731,603
Impairment of assets	189,110	901,053
Net finance costs	148,572	188,787
Increase in trade and other receivables	(6,113,392)	(1,446,933)
Increase/(decrease) in trade and other payables	3,093,988	(6,579,580)
Net cash outflow from operating activities	**(671,721)**	**(5,014,393)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(40,824)	(30,789)
Purchase of intangible assets	(636,570)	(822,079)
Net cash outflow from investing activities	**(677,394)**	**(852,868)**
Cash flows from financing activities		
Interest paid	(148,572)	(188,787)
Legacy trade association transfers	-	132,000
Term loan repayments	(800,001)	(500,001)
Net cash outflow from financing activities	**(948,573)**	**(556,788)**
Decrease in cash and cash equivalents	**(2,297,688)**	**(6,424,049)**
Cash and cash equivalents at beginning of the year	**7,456,879**	**13,880,928**
Decrease in cash and cash equivalents	(2,297,688)	(6,424,049)
Cash and cash equivalents at end of the year	**5,159,191**	**7,456,879**

Statement of changes in equity

For the year ended 31 December 2021

	31-Dec-21	31-Dec-20
	£	£
At start of year	(7,064,265)	(7,386,942)
Profit for the year	530,762	190,677
	(6,533,503)	(7,196,265)
Legacy trade association transfer	-	132,000
At end of year	**(6,533,503)**	**(7,064,265)**

In 2020, the legacy trade association transfer represented the surplus of assets of the Asset Based Finance Association Limited trade association which was transferred to UK Finance following its winding up.

Notes to the financial statements

For the year ended 31 December 2021

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 2021 to 31 December 2021, with comparatives for the year ended 31 December 2020.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic report on pages 10 to 29.

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 £6.5m (2020: £7.1m), 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 around 300 financial institutions.
- UK Finance has a term loan facility and a revolving credit facility with Barclays Bank PLC in the amount of £7.7m and £5.0m, respectively, of which £7.2m was undrawn as at 31 December 2021.
- The Board has reviewed and approved a fully evaluated budget for 2022. The Board also reviewed and approved the projections which indicate that during 2023-25, 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.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2021

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.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2021

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.

Notes to the financial statements

For the year ended 31 December 2021

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.

Notes to the financial statements

For the year ended 31 December 2021

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.

Notes to the financial statements

For the year ended 31 December 2021

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.

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Notes to the financial statements

For the year ended 31 December 2021

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.

Notes to the financial statements

For the year ended 31 December 2021

3. Revenue

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

	31-Dec-21	31-Dec-20
	£	£
Subscriptions invoiced to members	33,346,162	32,137,602
Commercial income	3,998,145	3,500,543
Pro bono services	4,122,593	3,101,699
Other income	7,166,751	8,143,542
	48,633,651	**46,883,385**

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

Administrative expenses comprise of the following:

	31-Dec-21	31-Dec-20
	£	£
Professional & consultancy	5,340,213	6,449,033
Occupancy	2,850,436	2,625,131
Data management and research cost	4,551,253	4,471,092
General & admin expenses	3,673,289	4,783,586
Information technology	2,555,762	2,389,775
Member & external relations cost	580,316	520,025
Publications and subscriptions to other trading bodies	636,653	769,052
Travel and expenses	107,737	166,507
	20,295,659	**22,174,200**

5. Staff costs and numbers

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

	31-Dec-21	31-Dec-20
	£	£
Salaries and benefits	18,945,038	16,909,943
Social security costs	2,235,627	1,974,059
Pension costs	1,887,753	1,661,863
	23,068,418	**20,545,864**

Notes to the financial statements

For the year ended 31 December 2021

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

	31-Dec-21	31-Dec-20
Administrative staff	199	182

6. Directors' remuneration

The Directors' remuneration for the year was as follows:

	31-Dec-21	31-Dec-20
	£	£
Remuneration (including benefits in kind)	1,431,442	1,131,020

The remuneration of the highest paid director was £1,035,000 (2020: £688,299). These figures are not directly comparable as UK Finance's previous CEO left part way through 2020.

7. Finance costs

	31-Dec-21	31-Dec-20
	£	£
Loan interest payable	156,234	199,321

8. Profit before taxation

Profit before taxation is stated after charging:

	31-Dec-21	31-Dec-20
	£	£
Operating lease rentals in respect of land and buildings	1,800,613	1,563,076
Depreciation of tangible assets	467,203	777,613
Amortisation of intangible assets	1,012,035	953,992
Impairment losses on intangible assets	189,110	901,052
Bad and doubtful debt	32,276	130,328
Foreign exchange loss	4,655	1,049
Auditor's remuneration:		
- Statutory audit fees	42,000	40,000
- Tax compliance services	8,400	15,362
- Tax advisory services	60,685	-

Notes to the financial statements

For the year ended 31 December 2021

9. Taxation

The tax charge/(credit) comprises:

	31-Dec-21 £	31-Dec-20 £
Current tax on profits for the year	-	-
Adjustments in respect of prior periods	(211,029)	-
Total current tax	(211,029)	-
Deferred tax	-	-
Total deferred tax	-	-
Total tax on profit	(211,029)	-

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	319,733	190,677
Tax on profit at standard UK corporation tax rate of 19% (2020: 19%)	60,749	36,229
Effects of:		
Expenses not deductible for tax purposes	13,912	16,565
Depreciation in excess of capital allowances	10,753	49,875
Short term timing differences	5,446	16,875
Tax losses surrendered for R&D credits	(211,029)	-
Utilisation of tax losses not previously recognised	(90,860)	(119,544)
Total tax (credit)/charge for year	(211,029)	-

Notes to the financial statements

For the year ended 31 December 2021

10. Intangible fixed assets

	Commercial business activities £	Secure information systems £	Other £	Total £
Cost:				
At 31 December 2020	8,307,800	1,460,357	294,449	10,062,606
Additions	-	369,409	267,161	636,570
At 31 December 2021	8,307,800	1,829,766	561,610	10,699,176
Amortisation				
At 31 December 2020	3,700,922	216,305	194,533	4,111,760
Charge for the year	708,751	286,417	16,867	1,012,035
Impairment losses	189,110	-	-	189,110
At 31 December 2021	4,598,783	502,722	211,400	5,312,905
Carrying amount				
At 31 December 2020	4,606,878	1,244,052	99,916	5,950,846
At 31 December 2021	3,709,017	1,327,044	350,210	5,386,271

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 includes new IT projects that are not yet live. 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.

As a consequence of this review an impairment within commercial business activities was identified and the net book value written down by £0.2m.

Notes to the financial statements

For the year ended 31 December 2021

11. Tangible fixed assets

	Leasehold improvements	Fixtures & Fittings	IT equipment & software	Total
	£	£	£	£
Cost				
At 31 December 2020	3,167,459	1,899,746	1,311,032	6,378,237
Additions	-	40,781	43	40,824
Other adjustment	-	(92,889)	-	(92,889)
At 31 December 2021	3,167,459	1,847,638	1,311,075	6,326,172
Depreciation				
At 31 December 2020	764,785	766,611	1,285,051	2,816,447
Charge for the year	223,368	223,968	19,867	467,203
Other adjustment	-	119,111	-	119,111
At 31 December 2021	988,153	1,109,690	1,304,918	3,402,761
Carrying amount				
At 31 December 2020	2,402,674	1,133,135	25,981	3,561,790
At 31 December 2021	2,179,306	737,948	6,157	2,923,411

Fixtures & Fittings include £777,000 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 15).

The Other adjustment reflects a net reduction in the dilapidations assessment of £212,000 as per note 15 and a related reduction in depreciation to date of £37,565. Further adjustments have been made to reflect the unwinding of the asset as depreciation rather than reduced cost.

12. Debtors

	31-Dec-21	31-Dec-20
	£	£
Trade debtors	28,760,296	21,867,199
Prepayments and accrued income	1,281,203	2,056,341
Other debtors	1,138	5,705
	30,042,636	**23,929,245**

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Notes to the financial statements

For the year ended 31 December 2021

13. Creditors: amounts due within one year

	31-Dec-21	31-Dec-20
	£	£
Trade creditors	1,862,653	719,489
Other taxation and social security	1,348,072	525,633
Accruals	4,916,803	5,978,704
Deferred income	32,378,065	28,973,639
Term loan	5,506,434	800,001
Other creditors	936,169	1,872,139
	46,948,195	**38,869,604**

Deferred income principally relates to annual memberships invoiced in advance.

UK Finance has a sterling term loan facility with Barclays Bank PLC for £7,750,000, secured with a fixed and floating charge over the assets of the Company, and fully repayable on 30 September 2022. The interest rate on the loan up to 31 December 2021 was base rate +1.75% per annum; with effect from 1 January 2022 the interest rate on the loan is the Bank of England Rate plus a Credit Adjustment Spread and the margin of 1.75% per annum.

14. Creditors: amounts due after more than one year

	31-Dec-21	31-Dec-20
	£	£
Term loan	-	5,506,434
Other long term creditors	2,243,816	2,521,985
	2,243,816	**8,028,420**

The term loan is fully repayable on 30 September 2022 and is now classified in Creditors: amounts falling due within one year (note 13).

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

15. Provisions for liabilities

	Dilapidations	Total
	£	£
At 31 December 2020	1,065,000	1,065,000
Provided in the year	76,000	76,000
Revalued in the year	(288,000)	(288,000)
Utilised in the year	-	-
At 31 December 2021	**853,000**	**853,000**

Notes to the financial statements

For the year ended 31 December 2021

	Dilapidations	Total
	£	£
At 31 December 2019	1,065,000	1,065,000
Provided in the year	-	-
Utilised in the year	-	-
At 31 December 2020	**1,065,000**	**1,065,000**

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. Following external valuations in December 2021 and March 2022, the directors have estimated the cost of returning the property to the agreed condition to be £853k when the leases terminate. Therefore, an obligation exists from the outset and a full provision for the associated cost has been made. 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.

16. 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.

17. 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 31-Dec-21	Land and buildings 31-Dec-20
Operating leases which expire:	£	£
Within one year	1,464,748	1,464,748
Within two to five years	5,863,006	5,863,006
After five years	7,801,289	9,266,037
	15,129,043	**16,593,791**